

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF EACH MONTH
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FRED. E. FARNSWORTH, PUBLISHER,
General Secretary American Bankers Association.

THOMAS B. PATON, EDITOR,
General Counsel American Bankers Association.

W. W. WAINE, ASSOCIATE EDITOR.

VOL. 5

MARCH, 1913

No. 9

TRAVELERS' CHEQUES OF THE AMERICAN BANKERS' ASSOCIATION.

THERE is no doubt but that Americans have usurped the title of globe trotters, which formerly belonged to the English, and on that account it is quite natural that they should become the greatest users of Travelers' Cheques in the world.

The American Bankers' Association Travelers' Cheques are taking a larger place in supplying such service every year, and their proportion of the total cheques sold has been growing in leaps and bounds. This has resulted in making the name of the American Bankers' Association known throughout the world, and in a most thorough and effective way. It has added both dignity and power to the Association, and has been one of its most successful undertakings.

The Bankers' Trust Company of New York City, which is acting as agent for issuing banks, has redeemed over \$40,000,000 worth of the cheques that have been accepted from tourists in all parts of the world.

The system was developed first throughout Europe, the United States and Canada, and in the belt around the earth that is covered by round-the-world tourists. Then as it was found that travel began to leave the ordinary lines, the West Indies, South America, Australasia and Africa in turn were especially covered. When the system was first established arrangements were made with bankers to act as paymasters in all of the principal cities in the world where tourists were apt to go. This made it possible for travelers from the very start of the system to make use of Association cheques. It would have been useless to have taken up the matter with hotels and shops in countries where tourists might not use the cheques for months or years, as they would have been forgotten before any cheques were presented. On that account the system was developed progressively, with the idea of keeping it just a little ahead of the requirements at all times, until to-day practically every

hotel in the world that caters to transients is familiar with the cheques and is on the hotel list.

In addition to the thousands of names of paymasters which appear on the list of correspondents, great numbers of other banks accept the cheques. This outside list is being constantly increased, not because it is particularly necessary for the convenience of tourists, but because it is desired that the Association system be familiar to every banker in the world. This would be beneficial in that a tourist could cash the cheques anywhere he happened to be, even though it might not be really necessary. Such extension of knowledge of the cheques is proving of real value to bankers who are not regular paymasters, as it is enabling them to accommodate tourists safely who happen to call upon them, and so prevents much friction. Of course it often proves of real service to a tourist as well.

As the proprietors of hotels change, and as new individuals are made managers and officers of banks, it is necessary to keep them informed concerning the cheques. One of the best means lies in the constant presentation of the cheques, which is made possible through their tremendous sales.

During the year 1912 over 2,000 American bankers were added to the list of issuing agents, and banks in foreign countries are taking them up very rapidly. Judging from the letters received from bankers asking for the cheques, their demand is being brought about through two causes. One is the constantly increasing currency of the cheques, because of their greater and greater use by tourists, and the other is the demand that is made because of the extensive advertising campaign that is being carried on by the agent for issuing banks, which is constantly calling the attention of millions of people to the American Bankers' Association Travelers' Cheque.

The fact that the Association cheque may be accepted by agents of the United States Government in payment of duties has proved to be a wonderful convenience to tourists and to business men. The cheques are being sold by bankers near the Canadian

border to those of their customers who make trips into Canada for the purpose of buying horses and other Canadian goods. The cheques are used to pay the traveling expenses, and then upon crossing the line back into the United States, to pay the customs duties.

Many of those who have carried the cheques have found them so convenient that they aim to always have some of the cheques in their pocket, as they feel that they can carry the cheques with much greater safety than they could money, and they act as a reserve in case of necessity.

The system in its every detail has developed far beyond the expectations of all concerned, is giving the service that it should, and has proved both its need and its usefulness.

SPRING MEETING OF THE COUNCIL.

AT the meeting of the Executive Council of the American Bankers' Association held at Detroit, Mich., in September last, it was decided that, if proper arrangements and accommodations could be secured, the Spring meeting of the council would be held at Hot Springs, Va., and the matter was left in the hands of the Administrative Committee for adjustment.

The manager of the Homestead Hotel at Hot Springs would not promise to give suitable accommodations on the date selected for the council meeting, and at a meeting of the Administrative Committee, held in January, the General Secretary was directed to take a vote of the Executive Council as to where the Spring meeting should be held. This vote was taken, and a result was reached February 28th. Briarcliff Manor, having received a majority of the votes cast, was accordingly selected, and the meeting will be held at that place the week of May 5, 1913.

Committee meetings will be held on Monday, May 5th, and council meetings on Tuesday and Wednesday, May 6th and 7th.

Briarcliff Lodge is a hotel well adapted in every particular for meetings of the council. Modern, splendidly managed, delightfully located, and conveniently situated on the New York Central Lines, thirty miles from New York City.

The management of Briarcliff Lodge will open the hotel on Saturday, May 3d, and it will be given over exclusively to the officials of the Association members of the Executive Council and Committees, and banking friends who may wish to come, including the ladies of their families.

FORMS FOR NATIONAL AND STATE BANKS.

BY the time this issue of the JOURNAL-BULLETIN has been distributed, our members will have received a circular letter giving them the opportunity to subscribe for a copy of the Book of Forms for National and State Banks. This book is now in process of photo-engraving and the greater part of the plates have been finished, so that it is hoped it will be ready for delivery about the middle of April, if not sooner.

The committee believes the purpose of this book is educational, rather than an exhibit of specimen forms, so that supplementary text has been used to explain the principle of many of the forms. There is also an introductory brief on the theory of Bank Accounting, adapted from the American Institute of Banking pamphlet on that subject. The forms chosen are intended to be both typical and suggestive and are suitable for use in either large or small banks. It is assumed that the very large city banks will always evolve systems out of their own experience,

so that there has been no attempt to show every amplification of detail.

The committee makes no claim that its selections are uniformly perfect or the best. What has been attempted is a practical book of forms covering every department of the average bank. The members of the committee are indebted to the banks which have so generously responded to the request to submit forms, and they express regret that it was not possible to include in the book all the forms which were of special merit. It was found impossible to reproduce some of the forms on account of the color of the paper or ink, and in a few cases the sheets were written upon or marked in such a way as to make them unavailable.

The price of the book will depend upon the number of subscriptions, and members desiring copies are urged to return as soon as possible the postcard order sent them, so that the price may be fixed at an early date. The more copies sold, the lower will be the price which will approximate the exact cost. This will be not less than \$5 or more than \$7.50 per copy. The book will be about 11 x 14 inches, containing in the neighborhood of 125 pages, printed on high-grade paper, well bound in morocco covers.

CONSTITUTIONAL REVISION.

THE Detroit Convention of the American Bankers' Association, held in September, 1912, appointed a special committee on the revision of the constitution, it being conceded that, inasmuch as the constitution had never been thoroughly revised since the inception of the Association, in 1875, and had been amended almost every year since that time, it presented somewhat the appearance of patchwork.

The committee appointed at Detroit is a representative one, its membership being widely distributed through various sections of the country and consisting of the following:

Robert E. James, Easton, Pa., Chairman.
W. J. Bailey, Atchison, Kan.
O. E. Dunlap, Waxahachie, Texas.
C. H. McNider, Mason City, Iowa.
Gordon Jones, Denver, Col.
Sol. Wexler, New Orleans, La.

On the call of the chairman, the first meeting of the committee was held at Congress Hotel, Chicago, February 17th-20th, inclusive, every member of the committee being in attendance except Mr. Sol. Wexler, of New Orleans, who was unavoidably detained in New York City during its sessions. General Secretary Farnsworth was present, on the invitation of the committee, for the purpose of furnishing such information as the committee might desire from time to time regarding the details of Association work and particularly the administrative business methods now pursued in the general offices in New York City.

The labors of the committee were very much lessened by the preparation made by Chairman James, who for several weeks had been making a study of the old constitution and receiving information from the officials of the Association and its membership, so that he was able to submit to the committee, when it met, a draft for a constitution and by-laws modeled after the existing constitution and by-laws, eliminating contradictory provisions and complicated terms, his draft being notable for its continuity and clearness of phraseology. This task on the part of Mr. James gave the committee an excellent foundation for their work, and the chairman was congratulated very many times on the outcome of his labors and the splendid manner in which the mechanical features were presented for consideration.

The four days devoted to the deliberations of the committee were marked by earnestness and thoroughness, and also by, practically, unanimity of feeling.

The revision is not yet complete, there being certain points as to details, some changes in phraseology and a few additions, which will be worked out by Chairman James on the suggestions of his committee.

The committee will again convene at the Spring meeting of the Executive Council, when a tentative report will be made.

CONFERENCE OF EASTERN BANKERS.

At a meeting of the representatives of the Bankers' Associations of the States of New York, Massachusetts, Connecticut and New Jersey, held at the headquarters of the American Bankers' Association in New York City, on Thursday, February 6, 1913, the following resolution was adopted:

WHEREAS, The opinions gained by the Bankers' Associations from the several States hereby represented show a large majority of the banks disinclined to accept the terms, as outlined in the resolution recently adopted by the New York Clearing House Association, in relation to the collection of checks on such banks; and,

WHEREAS, It is the desire to assist the New York Clearing House Association in perfecting an arrangement which will be mutually agreeable and satisfactory; be it hereby

RESOLVED, That, in our opinion, a satisfactory solution of this question will be an agreement by the New York City banks to place on the discretionary list such banking institutions in New York, New Jersey, Massachusetts, Rhode Island and Connecticut, as will agree to pay New York par funds immediately, and that the New York banks shall conduct such transactions through a Clearing House by a method similar in principle to that now so effectually used by the banks of the Boston Clearing House Association! and be it further

RESOLVED, That the following committee, representing the interests here represented, be appointed to confer with the proper committee of the New York Clearing House Association in an endeavor to mutually agree on a plan according to this resolution:

Committee.

H. H. Pond, Plainfield, N. J., Chairman.

Massachusetts—Ralph P. Alden, Springfield; Frank A. Drury, Worcester.

New York—Robert A. Patterson, Tarrytown; F. W. Hyde, Jamestown.

New Jersey—Wm. J. Field, Jersey City; C. G. Appleton, Newark.

Connecticut—C. E. Hoyt, South Norwalk; M. H. Griffin, Danbury.

REGISTRATION AT OFFICES.

THE following visitors registered at the Association offices during the month of February:

Aiken, Friend M., Okmulgee, Okla.
Alden, Ralph P., Cashier Springfield National Bank, Springfield, Mass.
Appleton, C. G., Comptroller Fidelity Trust Company, Newark, N. J.
Arthur, J. C., Richmond, Va.
Aseltine, A. H., "Financial Chronicle," New York City.
Baker, Burk, Bond Officer Bankers' Trust Company, Houston, Texas.
Bean, Robert H., President Boston Chapter American Institute of Banking, Boston, Mass.
Benton, A., Manager Marwick, Mitchell, Peat & Co., New York City.
Bishop, A. G., President Genesee County Savings Bank, Flint, Mich.
Bray, C. A., Pres. Hiram Sav. Bank, Greensboro, N. C.
Burnett, Charles R., Assistant Cashier First National Bank, Richmond, Va.
Carr, F. J., President Bank of Hudson, Hudson, Wis.
Chapman, Charles B., Treasurer Chelsea Savings Bank, Norwich, Conn.
Chapman, Joseph, Vice-President North Western National Bank, Minneapolis, Minn.
Conwell, Joseph F. D., The Peoples' Trust Company, Brooklyn, N. Y.
Cooley, A. H., Assistant Treasurer Security Company, Hartford, Conn.
Crandall, F. A., Vice-President National City Bank, Chicago, Ill.
Crane, A. A., Vice-President First National Bank, Minneapolis, Minn.
Curtiss, W. Perry, Union and New Haven Trust Company, New Haven, Conn.

Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.
Drury, F. A., President Merchants' National Bank, Worcester, Mass.
Edwards, G. E., President Dollar Savings Bank, New York City.
Elwell, G. D., Albany, N. Y.
Field, William J., Treasurer Commercial Trust Company of N. J., Jersey City, N. J.
Fries, F. H., President Wachovia Bank and Trust Company, Winston-Salem, N. C.
Gildersleeve, F., President First National Bank, Portland, Conn.
Goodwin, William P., Treasurer Peoples' Savings Bank, Providence, R. I.
Griffin, M. H., Cashier City National Bank, Danbury, Conn.
Harmon, John T., Jr., With New York Office Boston News Bureau, New York City.
Hayes, Norman F., Philadelphia National Bank, West Philadelphia, Pa.
Hoffman, W. F., President Commercial National Bank, Columbus, Ohio.
Hopkins, C. Leslie, First National Bank, Norwich, Conn.
Horowitz, J. J., New York City.
Hoyt, C. E., Treasurer South Norwalk Trust Company, South Norwalk, Conn.
Hyde, F. W., Cashier National Chautauqua County Bank, Jamestown, N. Y.
Jones, B. W., Assistant Secretary Bankers' Trust Company, New York City.
Jones, J. W., Cashier Commercial National Bank, Long Island City, N. Y.
Keese, George H., Assistant Cashier Merchants' National Bank, Richmond, Va.
King, J. H., Hartford, Conn.
Knox, John C., Cashier National Bank of Germantown, Philadelphia, Pa.
Laird, C. H., Jr., Treasurer West Jersey Trust Company, Camden, N. J.
MacKenzie, David, Credit Dept., Chase National Bank, New York City.
McKay, C. R., Manager Transit Department First National Bank, Chicago, Ill.
Mitchell, Alfred M., President Providence Chapter American Institute of Banking, Providence, R. I.
Moser, B. W., Publicity Manager St. Louis Union Trust Company, St. Louis, Mo.
Murphy, William T., President Germantown Trust Company, Philadelphia, Pa.
Morris, Charles S., Treasurer Home Savings Bank, Boston, Mass.
Onthank, E. A., President Safety Fund National Bank, Fitchburg, Mass.
Palge, Frederick O., New York City.
Partridge, L. W., Denver, Colo.
Patterson, Robert A., President The Tarrytown National Bank, Tarrytown, N. Y.
Poillon, W. C., Vice-President Bankers' Trust Company, New York City.
Pond, H. H., Sec. Plainfield Trust Co., Plainfield, N. J.
Porter, J. Henry, Auditor Wayne County Savings Bank, Detroit, Mich.
Rhoades, Herbert A., President Dorchester Trust Company, Boston, Mass.
Schock, Fred F., Cashier First National Bank, Spring Lake, N. J.
Sherman, William A., New York City.
Smith, W. W., Cashier First Nat. Bank, Paterson, N. J.
Stone, Herbert E., Second National Bank, Boston, Mass.
Swartwout, Richard H., of Swartwout & Appenzeller, New York City.
Tetuz, L. L., First National Bank, Boston, Mass.
Tucker, J. D., Cashier First National Bank, South Boston, Va.
Van Deusen, W. M., Cashier National Newark Banking Company, Newark, N. J.
Waine, Mrs. W. W., New York City.
Wakelee, Miss Mary, Battle Creek, Mich.
Wexler, Mrs., New Orleans, La.
Wexler, Sol, Vice-President Whitney Central National Bank, New Orleans, La.
Wilkinson, George B., Chief Clerk First National Bank, Albany, N. Y.
Wood, R. C., President First National Bank, Fairbanks, Alaska.



TRUST COMPANY SECTION



THE officers of the Section, at a recent meeting in New York, and in accordance with the unanimous approval given at the last convention in Detroit, arranged to hold the Third Annual Trust Company Banquet on the evening of Thursday, May 8th, at the Waldorf-Astoria Hotel in New York City. As the meetings of the Executive Council and the various sub-committees and Executive Committees of the Sections will be held at Briarcliff Lodge, Briarcliff Manor, New York, a short distance from New York City, on May 5th, 6th and 7th, the evening of Thursday, May 8th, was selected for this dinner in order that those who were in attendance at these meetings might be able to be present at this banquet, which has taken rank among the most important dinners of the sort held during the year.

The following letter has been forwarded to all members of the Section:

March 10, 1913.

To the Member Addressed:

In accordance with the recommendation of the officers and Executive Committee, unanimously approved by the Section at its last convention, the **THIRD ANNUAL BANQUET** of the Trust Companies of the United States, members of the Trust Company Section, American Bankers' Association, will be held at the Waldorf-Astoria Hotel in New York on the evening of Thursday, May 8th, 1913.

The following gentlemen have kindly consented to serve as an

HONORARY COMMITTEE OF ARRANGEMENTS

Otto T. Bannard, President New York Trust Company, New York.
 E. Elmer Foye, Vice-President Old Colony Trust Company, Boston, Mass.
 Alexander J. Hemphill, President Guaranty Trust Company, New York.
 A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.
 Clarence H. Kelsey, President Title Guarantee & Trust Company, New York.
 Willard V. King, President Columbia-Knickerbocker Trust Company, New York.
 Alvin W. Krech, President Equitable Trust Company, New York.
 Edwin S. Marston, President Farmers' Loan & Trust Company, New York.
 John H. Mason, Vice-President Commercial Trust Company, Philadelphia, Pa.
 Edwin G. Merrill, President Union Trust Company, New York.
 Uzal H. McCarter, President Fidelity Trust Company, Newark, N. J.
 John W. Platten, President United States Mortgage & Trust Company, New York.
 A. H. S. Post, President Mercantile Trust & Deposit Company, Baltimore, Md.
 Benjamin Strong, Jr., Vice-President Bankers' Trust Company, New York.
 James N. Wallace, President Central Trust Company, New York.
 William C. Poillon, Vice-President Bankers' Trust Company, New York; President Trust Company Section.
 F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio; First Vice-President Trust Company Section.

Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.; Chairman Executive Committee Trust Company Section.
 Philip S. Babcock, Secretary Trust Company Section, New York.

Addresses will be delivered by eminent speakers. No effort will be spared to make this banquet equally as notable as the two preceding, and you are earnestly urged to be present by representation and with guests.

A cordial invitation is extended to friends with other classes of banking and financial institutions to join with us on this occasion.

The price of each seat will be \$12, and a subscription blank is enclosed which you are requested to return promptly to Mr. P. S. Babcock, Secretary, 5 Nassau Street, New York.

Respectfully yours,

WM. C. POILLON, President.

THE success which has attended the Educational Publicity Campaign has been most gratifying to the officers and Executive Committee of the Section, and it is felt that the publication in so many sections of the country of the various articles supplied from the Secretary's office cannot but be productive of much good to Trust Companies generally.

In addition to the cities enumerated in last month's JOURNAL whose leading papers have published one or more of these articles, publication has also been made in other cities as follows:

Albany, N. Y.	Greenfield, Mass.
Asbury Park, N. J.	Jacksonville, Fla.
Beaumont, Texas.	Jackson, Miss.
Brooklyn, N. Y.	Pittsburgh, Pa.

Through the efforts of Mr. Lynn H. Dinkins of New Orleans, Chairman of the Section's Committee on Protective Laws, arrangements have been made for the publication of many of these articles in the leading papers of

Shreveport, La.	Yazoo City, Miss.
Baton Rouge, La.	Hattiesburg, Miss.
Opelousas, La.	Jackson, Miss.
Marksville, La.	Memphis, Tenn.
Monroe, La.	Beaumont, Texas.

AS the Spring Meeting of the Executive Committee of the Section is called primarily to arrange as far as possible for the Annual Convention of the Section, to be held this year in Boston during the week beginning October 6th, it is earnestly hoped that members will communicate with the Secretary any ideas and suggestions which they may have regarding this convention. The Secretary will shortly send out a letter regarding this Spring Meeting, but desires to give this preliminary notice regarding it.

Membership in the Section now numbers 1,318, a very gratifying increase over last year, and it is hoped that our members will lend their efforts to bring to the attention of non-members the advantages of membership in the Association and in the Section.



SAVINGS BANK SECTION



A SIMPLIFIED SCHOOL SAVINGS SYSTEM.

WHILE the school savings bank has not been officially adopted by the Board of Education of New York City as yet, although a committee has been considering the matter for several months, in a number of schools enterprising principals have installed the system and are enthusiastic over the results. One of these is Public School No. 122, Brooklyn, New York City, of which J. J. Reynolds is principal.

For the benefit of those of our members who have been contemplating the establishment of the School Savings System in their respective towns, but have been discouraged by the school authorities who argue that such a system will put an added burden upon the teachers, and require time from the class work of the pupils, the system Mr. Reynolds has evolved is recommended as overcoming said objections and besides accomplishing all of the purposes of thrift training, giving the pupils training in what is equally important, banking methods.

The detail of this system is handled entirely by the scholars. For the boys, eight bright boys from the 7A grade up, that is, boys from twelve to fifteen years of age, are employed as clerks, under direction of one of the male teachers known as Treasurer of the school bank. Girls are used in the same capacity for the girls.

On Monday, Wednesday and Friday mornings from 8.30 to 9 o'clock the bank is open for business. Deposits of five cents or multiples thereof are received. When an account is opened, the depositor fills out a signature card (Form 1) in duplicate, in order that same may be filed both numerically and alphabetically. The depositor is also required to make out a deposit slip (Form 2), and is given a pass-card (Form 3), which is also made out in duplicate, one being retained by the "bank." It will be observed that the card is printed in multiples of five cents both for deposits and drafts. When a deposit or draft is made, one card is placed over the other and the amount punched out, by which an indisputable duplicate record is obtained. The deposit slip is then passed to a boy who records the transaction in a day-book, and then to another boy who posts it upon the ledger card (Form 4).

The same procedure is followed in the case of withdrawals. A notice of withdrawal (Form 5) is required, and consent of parents (Form 6) required upon all withdrawals larger than twenty-five cents. The depositor makes out his own checks (Form 7). When an account is closed, a receipt in full (Form 8) is taken, and when an account becomes inactive, a notice (Form 10) is sent to the depositor. If pass-card is lost a notice (Form 9) must be filed, and a fee of five cents is charged for new card.

At end of "day's" business, balances on ledger cards and duplicate pass-cards upon which transactions have occurred are compared and must agree, and cash is balanced with day-book.

The money of the school bank is deposited with a regular savings bank in name of the school, subject to withdrawal by teacher in charge (the Treasurer), and when the amount to credit of any individual reaches five dollars, it is taken out of the school bank and a pass-book issued by the regular bank. No interest is paid by school bank.

While in this school only multiples of five cents are received, cards might be printed consecutively from one cent to one dollar and the same general

result obtained. This system, by its simplicity, seems to overcome many of the objections that have been raised against the school savings system. Its publication here, however, must not be construed as a criticism of any existing systems, but simply as a suggestion which may be of assistance to those seeking the adoption of the school savings system, and meeting the obstacles mentioned.

From the illustrations upon the following pages it will be noted that the forms required for the mechanical operation of this system are few in number and simple in composition, which consequently reduces the item of expense to a minimum. The matter of expense must enter largely into the considerations of those contemplating the establishment of the school savings system anywhere, and no doubt has been the means of its abandonment in some communities. In Mr. Reynolds' school the expense is treated in a thoroughly common-sense and business-like manner. The school bank in this instance being purely a personal affair, so to speak, of the school, no appropriation was available from the Board of Education, and no assistance was sought from any bank in furnishing stationery. But stationery and printing cost money, so it was determined that a school paper should be issued twice a year and the proceeds of its sale applied to that purpose; this was done, and about twenty-five dollars realized therefrom. However, this amount was insufficient, and an athletic meet was held, from which about twenty-five dollars more were realized, which was found to be ample to cover expenses of the "bank," so that the paper and the athletic meet have become fixtures that are eagerly looked forward to by the scholars, and the expenses of the "bank" are assured.

The writer was privileged to visit this school not long ago, and was deeply impressed by the spirit of co-operation evidenced upon the part of both the teachers and scholars. Everyone seemed interested in their work from the Principal down. In fact, if every educator had the human interest in their boys and girls that was evident in Mr. Reynolds, we need have little apprehension for future generations, for in his own words, he feels that "could he afford it he ought to pay the Board of Education for the privilege of being at his school daily instead of being paid to do it." Would that such a spirit prevailed in all our schools!

At the morning exercises, which were participated in by the higher classes of the school, Mr. Reynolds asked those of the boys who had accounts in the school bank to raise their hands, and a great number went up. The girls were asked the same question, but did not make nearly such a good showing, probably because boys, as a rule, have more opportunities to earn money than girls. However, nowhere could there have been a better illustration of the school savings bank and its work. The children of this school are largely foreigners, the school being situated in a part of Brooklyn which, owing to bridges which have in recent years connected it with the lower east side of Manhattan, has received a large influx of the foreign population of that section. But these children are being trained to love the Flag, to love education, and to be thrifty in all things besides saving money and learning banking methods. With these principles thoroughly inculcated, we need have no fear for the future, either of the individual or the State.

If the school savings bank is not in operation in your town, think it over. The future of your community demands it.

Name _____ No. _____

Address _____ Opened _____

Class _____ Room _____ Closed _____

Date		ITEM	V	Deposits	Drafts	Balance
	1					
	2					

FORM 4. LEDGER CARD.

Acct. No. _____

Deposited by _____

Name _____

Class _____ Room _____ Address _____

Opened _____ Closed _____

Deposits				Withdrawals			
5	130	255	380	5	130	255	380
10	135	260	385	10	135	260	385
15	140	265	390	15	140	265	390
20	145	270	395	20	145	270	395
25	150	275	400	25	150	275	400
30	155	280	405	30	155	280	405
35	160	285	410	35	160	285	410
40	165	290	415	40	165	290	415
45	170	295	420	45	170	295	420
50	175	300	425	50	175	300	425
55	180	305	430	55	180	305	430
60	185	310	435	60	185	310	435
65	190	315	440	65	190	315	440
70	195	320	445	70	195	320	445

FORM 3. PASS CARD.

Class _____ Room _____

Acct. No. _____

IN THE

Bank of Public School 122
BROOKLYN

191

	Dollars	Cents
Specie		
Bills		
Check		

FORM 2. DEPOSIT SLIP.

No. of Acct. _____

Name (in full) _____

Class _____ Room _____ Teacher _____

Father's Name _____ Business _____

Business Address (1) _____

(2) _____

Home Address (1) _____

(2) _____

Acct. Opened _____ Acct. Closed _____

FORM 1. SIGNATURE CARD.

FORMS USED IN SCHOOL SAVINGS SYSTEM OF PUBLIC SCHOOL NO. 122, BROOKLYN, NEW YORK CITY.
(SEE DESCRIPTION "A SIMPLIFIED SCHOOL SAVINGS SYSTEM.")

WITHDRAWAL NOTICE

BANK OF PUBLIC SCHOOL 122

Account No. Brooklyn, 19...

To the Treasurer:

Notice is hereby given that on 19...

I wish to withdraw the sum of Dollars.

\$ Signature

FORM 5. WITHDRAWAL NOTICE.

Acct. No. Date 191...

I have this day received from the **BANK OF P. S. 122, BROOKLYN**, the sum dollars. \$ the same being the total amount due on PASS CARD account No., and the above Bank is hereby released from all claims in connection with the above mentioned account.

Signature
Class Room

FORM 8. RECEIPT CLOSING ACCOUNT.

BANK OF P. S. 122

66 Harrison Ave.

Brooklyn,

Class Room

Acct. No.

Your (son) (daughter) (ward) has this day made demand upon the Bank of P. S. 122 for the withdrawal of \$

You will signify your approval of the above demand by signing below.

Parent,

FORM 6. CONSENT OF PARENTS (ON WITHDRAWALS LARGER THAN 25c.)

Acct. No. Date 191...

To the Treasurer of the **BANK OF P. S. 122, BROOKLYN**.

Notice is hereby given of the loss of PASS CARD No. on or about, the same being the property of of Class

I hereby request that the above account be closed within seven (7) days from date.

Signature

FORM 9. NOTICE OF LOST CARD.

New York, 191

BANK OF P. S. 122, BROOKLYN
66 HARRISON AVENUE

Pay to the order of of Class

..... dollars. \$

and charge to Acct. No.

FORM 7. CHECK.

Brooklyn,

Acct. No.

Class Room

The books of the **BANK OF P. S. 122** show a balance to your credit of \$

No additions have been made to this account since

The object of this Bank is to encourage you to increase your savings. We respectfully request that you consider making some addition to this account at an early date.

Respectfully yours

Treasurer

FORM 10. NOTICE OF INACTIVITY.

FORMS USED IN SCHOOL SAVINGS SYSTEM OF PUBLIC SCHOOL NO. 122, BROOKLYN, NEW YORK CITY.
(SEE DESCRIPTION "A SIMPLIFIED SCHOOL SAVINGS SYSTEM.")

CLEARING HOUSE SECTION

CLEARING COUNTRY CHECKS.

AMONG the subjects provided by the American Institute of Banking for essays in connection with the advanced, or post-graduate, course is the following:

"Political Considerations in Financial Legislation."

We do not know that proposed reforms in monetary matters have ever been treated from this viewpoint, and it is an important one. A veritable flock of new bills and amendments to old ones has been circling and flapping about in the air, but even though any one of them may be better than present methods, nobody has given much thought to the proper guns or ammunition to bring a fine specimen to earth.

Much the same conditions affect the establishment of the department for the clearing of country checks. The Clearing House Associations that have adopted the plan used in Boston and Kansas City, can be counted on the fingers of one hand. Why is this? Is it an indictment against the intelligence of the American banker? We think not. Rather is it due to the same flaws that prevent us as a nation from adopting an efficient and scientific system of note issue. We spend all our time presenting arguments in favor of the country clearing house which needs no argument, because for fifty years it has been an accomplished and complete fact and not a theory for debate. We should rather give our attention to the barriers that prevent further adoption of the plan, or if you will, the "political considerations."

The objections may be divided into those presented by the country bankers and those proposed by the city bankers. In neither case are city or country bankers as a class unanimous, and here the supporters of the Country Clearing House have misdirected their efforts. The country bankers, anxious to see the plan introduced, but representing the minority, appeal to the city bankers instead of to their fellow country bankers, and the otherwise far-sighted and progressive city bankers, who would like to see the clearing system extended, believe that missionary work should be done among the country bankers, whereas their best efforts might be spent among their own neighbors. In other words, there has been a lack of organized action in the right direction. The opposition is not active, but passive and inert.

The country bankers propose two objections either openly or by indirection. The first is that they will lose a considerable part of their income from exchange and the second, which is untenable and need not be argued, is that they will lose a favorable position in dealing with city bankers as a class. To the first objection there is this to say: The Country Clearing House does not have as its object the absolute abolishment of exchange charges. Even Boston has not quite accomplished that, but it does propose the establishment of a sane and simple method of collecting checks, check-circulation redemption, if you will, at the least possible expense of time and physical effort. It does aim to break down exorbitant charges, but so does every other method of check collection, and should do so. It is to the interest of the country banker that checks on his bank should be accepted at par within their proper section. Such sections might be extended to any distance that may be reached in one night's mail from the recognized financial center of that district. Even if the small

bank should lose a small part of its income from exchange sources, banking facilities would be so benefited by the free interchange of checks, whether city or country, that banking without an exchange tax would be more profitable than with it. This is an economic law. We often see trades unions try to defy it when they attempt to restrict output. Whenever a cost-cheapening process is put into effect, it always results in increased production, and in the end greater profits to all concerned. The great crime committed in the name of "exchange" charges in this country is that the wrong man pays the bill. We often hear the expression "the country bank will not work for nothing." We have tried to explain the flaw in this statement in previous articles in this column and need but refer to it now. The bank is working for its shareholders and depositors. If one of the latter presents his check for payment at the counter, he is paid at par. This is service, but no charge is thought of. If, however, he requests the bank to transfer one hundred dollars for him to a distant city to pay a bill he owes there, even though such work can be done more cheaply than paying money over the counter, yet the bank rightly considers that it is entitled to a fee for this service. But instead of charging the depositor who has made the request (by an order which we call a check) the cost is arbitrarily deducted from the amount due the endorser. The disposition to thus put the cost in the wrong place is due to the fact that the property transferred is the circulating medium, freely negotiable, that is, money. If the depositor placed gold bars on deposit and requested the bank to ship one bar to his creditor in the next State, the bank would not think of slicing off a section before making the shipment, but would render a bill to the depositor for the service. That is what they do in England (where, by the way, they have collected country checks through the Clearing House for forty years or more), but we haven't gotten that far as yet.

The city bankers have believed that the country bankers would oppose the Country Clearing House, but as a general proposition, the reverse is true, as witness the report of the conference of bankers held in these offices recently and reported elsewhere in this issue. Also we can refer to the experience of Kansas City so clearly and thoroughly described by Mr. Thralls at the Detroit Convention, reported in full in the Proceedings of the Clearing House Section meeting. The city banker has grown up with the belief that he comes into most intimate contact with his country correspondents through the daily remittance letter and his trading power lies in a handful of checks for collection. That is a fallacy that the experience of Kansas City will disclose where deposits have increased enormously since the introduction of the Country Clearing House. Bank accounts are attracted where business is done according to best methods.

It is the opinion of the writer that the wider extension of the Clearing House is delayed largely because the city and country bankers do not discuss it on common ground. The disposition has been to submit propositions and counter-propositions as if there were serious conflicts of interest. The question should be discussed and decided upon broad grounds with due regard for the third party, equally concerned, the banking public.

NUMERICAL SYSTEM.

WITH March 1st, we will begin to send out letters to those of our members, who, according to our records, are not showing their transit numbers on checks, drafts or endorsement stamps. We believe that in nearly every case these banks are not entirely familiar with the requirements, many, no doubt, having the idea which we have tried to dispel, that we are asking them to install the System in their transit departments, or otherwise endorse it. What we are asking is that every bank show its number so that all banks may make whatever use of the Numerical System they may see fit. All banks, large or small, will find the System of benefit to them in some particular or other; in fact, many banks are now using it without, perhaps, being aware of it. Whenever a bank sends a letter to a correspondent in another city wherein the clearing house items are designated by number instead of name, that is the Numerical System. The great improvement introduced by the System is that the proper number appears on the face of the check so that it is not necessary to use either a list or the memory.

The letters mentioned above contain an offer to those banks not conveniently located to supply them with endorsement stamps at 50 cents each; with dates, 80 cents. We can also provide the small one-line rubber stamps for numbering blank checks at 10 cents each.

As noted in the February JOURNAL-BULLETIN, the Government is now showing the transit number on all Treasury drafts and checks of disbursing offices. Many railroads and other large corporations who provide their own checks are also conforming to the request of this Association. Our own members should certainly not be lax in this matter but should show their numbers as soon as possible. We trust it will not be necessary for us to devote additional funds to educational work upon this important subject.

KEY TO THE NUMERICAL SYSTEM.

THROUGH the courtesy of the publishers, Rand, McNally & Company, we are able to supply our members with copies of the Key direct from this office. This is a handsomely bound book, free of any advertising, containing both alphabetical and numerical lists of every bank in the United States. Aside from its use in connection with the Numerical System it is the only book we know of containing a list of bank names and addresses in such concise and convenient form. It is thus adapted for general transit or other purposes where such a list is desired. In addition, supplements are published which give the names and numbers of all new banks, also record of

liquidations, consolidations, etc. Holders of the Key receive these supplements free of charge on request. The price of the Key is \$1.50 per copy, carriage paid.

TRANSACTIONS AND CLEARINGS.

SINCE the list of Clearing House Associations, which are furnishing us statistics showing Total Transactions is gradually growing larger, it would be misleading to compare the totals from week to week. However, the ratio between clearings and total checks may be shown, since it furnishes a true indication of relative fluctuations. In the following table it will be noticed that the percentage of clearings to total checks has increased since the first of the year. This is probably due to the fact that during the dividend and general settlement period early in January, individual accounts are very active locally. As soon as this class of business has subsided the proportion of clearings to all business increases. If this theory is the correct explanation, it will be demonstrated during the first weeks of April.

Percentage of Clearings to Total Transactions:

Week ending Jan. 9, 36½%	Week ending Feb. 6, 42½%
" " Jan. 16, 38-%	" " Feb. 13, 42-%
" " Jan. 23, 37½%	" " Feb. 20, 42-%
" " Jan. 30, 39-%	

CLEARING HOUSES.

By James R. St. John of the Correspondence Chapter.

THERE is a wide field for the extension of clearing houses in the United States. Clearing houses are now isolated units, whereas the future will see a concentration, uniformity of rules and regulations, co-operation between different clearing houses. Their field will be broadened until the mere exchange of checks—so important a feature of primitive clearing houses—will become of secondary consequence. The vast field of credit will become more and more a part of the field of the clearing houses. The expansion of the currency will become more and more frequent, from slight expansion as need arises, until in times of stress, to a greatly expanded currency. Clearing house examinations will become more and more frequent. The interest rates will tend to become more uniform through the influence of the clearing houses. It will come to be a recognized fact by the people that those banks which are part of the clearing house are stronger, safer, more conservative and better managed than those banks which refuse to become members of the Clearing House Organization.

INVESTMENT BANKERS' ASSOCIATION.

THE Proceedings of the organization meeting and the First Annual Convention of the Investment Bankers' Association of America has been published and a copy sent to the members as well as to other people interested.

Secretary Frederick R. Fenton is to be congratulated on the expeditious compilation of these Proceedings. It is a very handsome and solidly bound book, in three-quarter Turkish morocco. The volume contains two hundred and fifty odd pages, finely illustrated, and gives a verbatim report of the

organization meeting, the Convention, and the banquet. Also the Constitution and By-Laws and list of members, together with other valuable data.

THRIFT LECTURES TO BE REPORTED.

IN response to numerous inquiries relative to the lectures upon Thrift which have been arranged in co-operation with the Board of Education of New York City, as stated in last month's issue, we are pleased to announce that arrangements have been made by which each lecture will be accurately reported, the whole course combined in a pamphlet which will be copyrighted, and that said pamphlet will be sent to each member of the Savings Bank Section, gratis, at the conclusion of the course.

STATE SECRETARIES SECTION

STATE CONVENTIONS.

IF the Secretaries of the various State Bankers' Associations will notify this office of the date of their annual conventions as soon as fixed, the same will be published in the above list.

CONVENTIONS TO BE HELD 1913.

April 23-24	Arkansas	Little Rock
" 24-25	Florida	Jacksonville
May 6-7	Kansas	Hutchinson
" 8-9	Oklahoma	Muskogee
" 8-10	Alabama	Dothan
" 13-15	Texas	Galveston
" 16-17	Georgia	Macon
" 20-21	Missouri	St. Joseph
" 22-24	California	San Diego
June 5-7	Idaho	City of Weiser
" 11-12	North Dakota	Grand Forks
" 11-12	West Virginia	Elkins
" 19-21	Virginia	Old Point Comfort
"	New York	Ottawa, Canada
" 20-21	Pennsylvania	Pittsburgh
" 25-26	South Dakota	Watertown
July 8-12	North Carolina	Asheville
" 10-11	Minnesota	Duluth
Aug. 7-9	Washington	Bellingham
Sept. 17-19	Amer. Inst. of Banking...	Richmond, Va.
Oct. 6-10	Amer. Bankers' Asso.....	Boston, Mass.

VERMONT CONVENTION.

THE Annual Convention of the Vermont Bankers' Association was held at the Berwick Hotel, Rutland, on Friday, February 21st. Nearly the whole membership was present when President A. G. Eaton, of Montpelier, called the business session to order at three-fifteen o'clock in the afternoon, and enthusiasm seemed to be the keynote of the meeting.

After the invocation by the Rev. Joseph Reynolds of the Episcopal Church of Rutland, Ex-Governor John A. Mead welcomed the bankers on behalf of the city and its banks, which was responded to on behalf of the Association by H. M. McFarland, Vice-President Lamoille County National Bank.

In his address President Eaton spoke of the good work which had been accomplished during the year, especially referring to that which had been done in co-operation with the American Bankers' Association in securing desirable legislation. Secretary Webster then rendered his report, in which, among other things, he paid a high tribute to the American Institute of Banking and urged its work for the serious consideration of the members. Chairman Henry F. Field of the Executive Council rendered a most interesting report, and Treasurer D. L. Wells' report exhibited a sound financial condition. A nominating committee was appointed to present nominations for the various offices to be filled at the close of the meeting, and after this committee had retired for deliberation, Professor O. M. W. Sprague of Harvard University was introduced and gave a scholarly address upon "The Effectiveness of Recent Proposals for Banking Legislation." Following Professor Sprague, E. G. McWilliam, Secretary Savings Bank Section American Bankers' Association, told something of the Thrift Campaign which that sec-

tion has inaugurated and the circumstances leading up to it.

The nominating committee then rendered its report, placing in nomination the following gentlemen, who were unanimously elected: For President, C. P. Smith, Burlington Savings Bank; Vice-President, Henry F. Field, Rutland County National Bank; Secretary, C. S. Webster, Barton Savings Bank; Treasurer, D. L. Wells, First National Bank of Orwell; Members Executive Committee to serve one year, W. W. Russell, First National Bank of White River Junction; H. M. McFarland, Lamoille County National Bank; L. F. Abbott, First National Bank of Bennington. Members Executive Committee to serve two years: Olin Merrill, Enosburgh Falls Savings Bank; H. G. Woodruff, Granite Savings Bank of Barre; C. A. Boyden, Brattleboro National Bank; C. E. Kinney, Middlebury National Bank.

A banquet was tendered to the visiting bankers by the bankers of Rutland at the Berwick in the evening, and over one hundred persons sat down together at eight o'clock. When the cigars had been lighted, P. M. Meldon, who acted as toastmaster, arose and made an impassioned speech, urging the bankers to take a hand in the public affairs of the States. He then called upon Mayor Howe, who was unable to be present at the afternoon session; State Banking Commissioner Williams, who strongly endorsed the educational ideas which had been advanced in the afternoon; F. C. Smith, H. F. Field, C. F. Chapman, John Branch, Mr. Arnold, of Albany, N. Y.; E. G. McWilliam and Professor Sprague. Professor Sprague and Mr. McWilliam were elected to honorary membership in the Association.

The dining room was profusely decorated with American flags and an orchestra dispensed popular music throughout the evening.

This convention was a delight to its visitors and must have been a source of gratification to those having in charge its arrangements. In its unqualified endorsement of education both for the banker and the people the Vermont Bankers' Association has set a fine example for the rest of the country.

TEST YOUR SEED CORN.

THE Missouri Bankers' Association has issued to its members a copy of a seed-corn testing poster for 1913. Accompanying the poster is a circular letter from the Committee on Agriculture and Good Roads Development stating that last year's corn crop in Missouri was one of good quality, but that vigilance in the careful selection of seed for 1913 planting should not, for that reason, be relaxed.

It is desired that the poster be hung in a conspicuous place in the bank or office. To be properly effective, the matter of seed-corn testing should be brought to the attention of the farmers generally and repeatedly. In view of this, arrangements have been made to furnish additional copies of the poster to members of the Association who desire to distribute them at the actual cost of printing, viz., \$1 for the first hundred and 60 cents for each additional hundred; and, if preferred, the name of the distributing bank may be printed at the bottom of the poster, instead of that of the Missouri Bankers' Association. In case additional copies are desired, Secretary W. F. Keyser, Sedalia, should be notified at once, as the time for beginning the planting of corn is not very far off.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Michigan Bankers' Association,
Office of the Secretary.

Detroit, Mich., February 8, 1913.

BULLETIN No. 122.

WARNING.

Checks written on the forms of the First National Bank of Allegan, bearing the name of Wm. J. Hall as drawer, and payable to Leon S. Hall, are in circulation in that vicinity, two having been cashed in Kalamazoo, and one having come through from Chicago. The checks are \$18 and \$12 in amount. The parties are unknown to the bank, and the checks fraudulent.

Advise your customers of this Warning, and let us know if the parties are apprehended.

Michigan Bankers' Association,
Office of the Secretary.

Detroit, Mich., February 10, 1913.

BULLETIN No. 123.

WARNING.

A man claiming to be, and signing his name as, L. L. Howard has been cashing checks in and around Grand Rapids, using counterfeit checks on the Commercial Savings Bank, Grand Rapids Savings Bank and the Grand Rapids National City Bank of Grand Rapids, signing Fred Pantlind's name.

He is a young man about twenty-three years old, slight of build, and believe about five feet ten inches tall, smooth face, sandy hair and light complexion. He wears a striped green overcoat and light felt crush hat.

He has passed these checks in Allegan, Lowell and Grand Rapids, all of them being for small amounts.

We are of the opinion that this is the same party mentioned in our Bulletin No. 122. Members are warned against this swindler, and also asked to advise this office should he be apprehended.

Montana Bankers' Association,
Office of the Secretary.

Great Falls, Mont., February 12, 1913.

BULLETIN No. 145.

Be on the lookout for party forging checks on various banks, signing the name Mrs. A. Pierce or Sam F. Peterson. This party has been operating in Butte and Dillon.

Description—Nationality, Dane or Swede; height, 5 feet 11 inches; weight, 160 pounds; age, 30 to 35

years; hair, light; eyes, blue; smooth shaven; speaks broken English.

DANGEROUS COUNTERFEIT.

A new counterfeit five-dollar coin, dated 1910, new issue, Indian Head, has recently appeared in San Francisco and other Coast points. Coin is said to be of low-grade gold, shows a slight discoloration and has decidedly different ring from genuine.

Montana Bankers' Association,
Office of the Secretary.

Great Falls, Mont., February 27, 1913.

BULLETIN No. 146.

You are requested to be on the lookout for party giving name of Louis C. Wilson, claiming to be a factory representative of the Ford Motor Car Company, Detroit, Michigan.

This party recently cashed worthless checks and drafts at Forsyth, Montana, amounting to \$75.

Wilson is a smooth talker and of pleasing appearance; appears to be well posted on Ford cars, and presents business card as their representative. The Ford Motor Car Company wires that he is an impostor. Party is described as being 5 feet 2 inches in height; weight, 135 to 140 pounds; at Forsyth wore derby hat, brown suit and black top coat. Wire this office if this party appears.

Texas Bankers' Association,
Office of the Secretary.

WARNING NOTICE!

Look out for Burt H. Mason, who offers checks on the First National Bank of Mancos, Colorado, with his name printed across the end. That bank wires one of our members that he has no account and was in trouble in California and Nevada for the same offense.

Mason is tall, slender, pale looking, has light hair and eyes, weighs about 150 pounds and is about thirty years old.

Wire me any information you may have.

J. W. HOOPES,

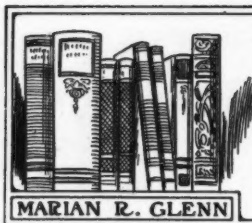
Secretary Texas Bankers' Assn.

Parties operating under the name of Lowell J. Briggs and Lawrence J. Lyons have been drawing fraudulent drafts on the J. I. Case Company, of Racine, Wisconsin.

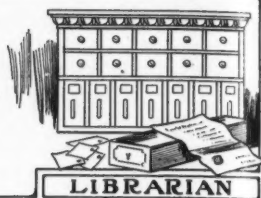
Briggs is described as about 5 feet 8 inches tall, about 30 years old, weight about 140 pounds, neatly dressed, wearing a brown suit; he has brown hair and eyes and is of engaging address. He claims to be with the J. I. Case people. He carries a photograph of a young woman and a child, which he shows and claims to be his wife and child. Wire information to this office.

A. B. A. MORTUARY RECORD REPORTED DURING FEBRUARY.

- Andrus, Frank M.—President of the National Bank of Roxbury, Roxbury, N. Y.
Burns, William F.—Cashier Williamsburg Savings Bank, Brooklyn, N. Y.
Capron, John D.—Trustee Home Savings Bank, Albany, N. Y.
Carter, Charles C.—Asst. Cashier American National Bank, Louisville, Ky.
Cast, Charles—Second Vice-President Egg Harbor Commercial Bank, Egg Harbor City, N. J.
Clark, Edward S.—Senior Vice-President Rhode Island Hospital Trust Company, Providence, R. I.
Clark, W. Ed.—Secretary Mercantile Trust & Savings Bank, Evansville, Ind.
Collins, Robert R.—Cashier Knox County State Bank, Knoxville, Ill.
Dusenbury, John E.—President First National Bank, Olean, N. Y.
Harry, George I.—Director Lincoln State Bank, Lincoln, Ill.
Hart, Ernest E.—President First National Bank, Council Bluffs, Iowa.
Holt, Orren Thaddeus—President National Bank of Commerce, Houston, Texas.
McKeen, William R.—President McKeen National Bank, Terre Haute, Ind.
Palmer, Stephen S.—Director Nat. City Bank & Farmers' Loan & Trust Co., New York City.
Sprague, Warner E.—President The First National Bank, Roscoe, N. Y.
Tomlinson, A. A.—President United States Trust Company, Kansas City, Mo.
Young, M. H.—Director National Bank of Commerce, Seattle, Wash.



LIBRARY AND REFERENCE DEPARTMENT



CLEARING HOUSES.

THE following titles have been selected from the Library's loan collection on the subject, as of interest in connection with current discussion of clearing house principles and practice. An additional list of references to articles and addresses in financial periodicals and proceedings has been prepared, and will also be loaned upon request.

- Albert, E. R.—Clearing House Associations to Protect Depositors of National Banks in Oklahoma. ("Commerce Monthly," April, 1910.)
Cannon, J. G.—Function and Operation of the Bank Clearing House. (1908.)
"Financier"—Editorial: False Ideas of Clearing House Policies. (Feb. 10, 1908.)
"Financier"—Editorial: Enlarged Clearing House Powers. (Nov. 18, 1907.)
Gilbert, A.—Credit Currency and the Clearing House. ("American Banker," May 2, 1908.)
Grosvenor, W. M.—Clearings and What They Teach. (A. B. A. Proceedings, 1882.)
Hallock, J. C.—Clearing House and the Anti-Trust Law. ("Banking Law Journal," Sept., 1904.)
Howey, L. B.—Clearing House Plan as Basis for Currency Reform. ("Commercial West," July 23, 1910.)
"Pacific Banker"—Editorial: The Power of Clearing Houses. (Feb. 24, 1912.)
Pollock, J. S.—Possibilities of the Clearing House. ("Financier," April 30, 1910.)
Rankin, S. S.—System of Group Clearing Houses. ("Financier," Oct. 29, 1910.)
Reeves, F. B.—Services Rendered by Clearing House. ("Public Ledger," Phila., Feb. 20, 1913.)
Schneck, E. S.—Evolution of the Clearing House. ("Commerce Monthly," Feb., 1908.)
Talbert, J. T.—The Clearing System. (Kentucky Bankers' Assoc., 1909.)
Telling, O. L.—Clearing House Administration. ("American Banker," Sept. 28, 1912.)

CERTIFICATES AND CURRENCY.

- Cannon, J. G.—Clearing House Loan Certificates.
Cannon, J. G.—What the Banks Did to Stay the Panic of 1907. ("Leslie's Weekly," Sept. 1, 1910.)
Campbell, Myron—Clearing Houses as Substitutes for Currency Associations. ("Chicago Banker," Aug. 6, 1910.)
"Financier"—Editorial: Clearing House Loan Certificates. (Dec. 16, 1907.)
"Financier"—Editorial: New Functions of Clearing House Loan Certificates. (Feb. 3, 1908.)
Hutchins, E. A.—Clearing House Currency. (Houston "Post," March 3, 1912.)
Nash, W. A.—Value of Clearing House Loan Certificates in a Crisis. ("Financial Age," Feb. 21, 1910.)
Nash, W. A.—Credit and Currency for an Emergency. ("Banking Law Journal," March, 1910.)
Parker, W. J.—Legalizing Clearing House Currency Issues. ("Financial Age," Nov. 25, 1911.)

COUNTRY CLEARING HOUSE.

- Cannon, J. G.—Clearing Country Checks.
N. Y. "Times"—Editorial: Bankers for Country-wide Free Clearing of Bank Checks. (June 24, 1912.)
"Pacific Banker"—Editorials: Collection of Country Checks. (March 2, 16, 1912.)

- Thralls, Jerome—The Country Clearing House. ("Pacific Banker," Sept. 28, 1912.)
Serrurier, P. M.—Country Clearing House Associations. ("Commercial West," May 29, 1909.)
Shirley, J. C.—Proper Handling of City and Country Checks. ("Banker and Investor," Jan., 1910.)
Willard, M. D.—Country Clearing Houses for Rural Districts. ("Southwestern Banker," August, 1908.)
Wilson, R. C.—Problem of the Country Check. ("Financier," April 26, 1909.)

EXAMINATION.

- Cannon, J. G.—Clearing House Examiners.
Forgan, J. B.—Clearing House Examinations by Clearing House Examiners.
Forgan, J. B.—Clearing House Examinations.
Graettinger, M. A.—Bank Examination Under Association Supervision. ("Gulf States Banker," Sept., 1910.)
Hardt, W. H.—Value of Clearing House Examinations in Establishing the Solvency of Banks. ("Commerce Monthly," Sept., 1911.)
Hoxton, W. W.—Examination System of the St. Louis Clearing House. ("Gulf States Banker," May, 1911.)
Lee, W. H.—Clearing House Bank Examinations. ("Chicago Banker," May 21, 1910.)
Loveland, C. S.—Clearing House Examinations. ("Financier," Aug. 24, 1912.)
McCune, S. L.—Clearing House Examination. ("Financial Age," Aug. 19, 1911.)
New York Clearing House—Report of Sub-Committee on Clearing House Examinations. 1911.
Ridgway, J. C.—Clearing House Examinations. ("Chicago Banker," July 22, 1911.)
Talbert, J. T.—Clearing House Examinations. 1900.
Wolfe, O. H.—Clearing House Bank Examinations.

TRANSITS AND COLLECTIONS.

- Bordwell, G. O.—Operating a Transit Department. ("Coast Banker," July, 1910.)
Cobb, J. M.—Handling Country Bank Accounts. ("Gulf State Banker," Aug. 1910.)
Ensell, E. H.—Collection and Transit Methods. ("Financier," Feb. 17, March 24, 1912.)
Ellsworth, F. W.—System in a Reserve City Bank. ("Commercial West," July 24, 1909.)
Fink, E. G.—Collection Department. ("Bankers' Home Magazine," Dec., 1912.)
Grant, C. J.—Texas Numerical Transit System. ("Chicago Banker," March 4, 1911.)
Hazelwood, C. B.—Transit Department and Bank Relations. ("American Banker," Nov. 16, 1912.)
King, C. L.—Collection of Drafts. ("Financial Age," Dec. 20, 1909.)
Lacy, G. G.—Use of Local Checks as Exchange.
Larash, C. J.—A Check Settlement System Designed for Big Business. ("Bankers' Magazine," Oct., 1911.)
McKay, C. R.—Numerical System in the Transit Department. (A. B. A. Proceedings, 1909.)
McKay, C. R.—Transit Department. ("Financial Age," Sept. 2, 1911.)
Palmer, V. F.—Analyzing of an Incoming Transit Letter. ("American Banker," Feb. 8, 1913.)
Pool, L. M.—System for Handling Transit Items in a Bank and Trust Company.
Wolfe, O. H.—Collections and Transits. (A. I. B. Lectures on Finance, 1912.)

LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

THE UNIFORM WAREHOUSE RECEIPTS ACT.

IN 1904 the Commissioners on Uniform State Laws in national conference engaged Professor Samuel Williston, of Harvard Law School, and Mr. Barry Mohun, of the Washington Bar, to draft an Act to make uniform the law of warehouse receipts. The object was to produce uniformity in the laws of the different states relating to warehouse receipts as a substitute for the diversity and ambiguity of state legal enactments and conflicting legal decisions relating to these instruments.

The first tentative draft of the act was submitted to the Commissioners at its meeting at Narragansett Pier on August 18, 1905. A number of changes were made, and the first draft recommended for the preparation of a new one. During the Winter and Spring of 1905-6 the proposed act was carefully considered at meetings of the American Warehousemen's Association and of a Committee of the American Bankers' Association. The draftsmen and members of the Committee on Commercial Law of the Commissioners were present at these meetings and explained the provisions of the act. In the light of suggestions made by warehousemen and bankers as to usages in the warehouse business and the necessities of commerce, a third tentative draft was prepared and submitted to the Commissioners at St. Paul, Minn., in 1906. This draft was considered, section by section, both by the Committee on Commercial Law and by the Commissioners in annual conference, and after certain changes were made, the completed draft of the Uniform Warehouse Receipts Act was adopted and recommended to the Legislatures of the several states for passage.

This act, therefore, was not born in a day, but is the result of years of preparation and study by experts—warehousemen, bankers and lawyers—and is presented to the legislatures of the different states for enactment as the unanimous voice of the commercial interests, expressed in legal form by able representatives of the bar of the country, indicating the proper way of regulating the issue, negotiation and redemption of these important instruments of commerce.

The Uniform Warehouse Receipts Act has been passed in 23 states as follows:

1907	Connecticut	1909	California
	Illinois		Kansas
	Iowa		Michigan
	Massachusetts		Nebraska
	New Jersey		New Mexico
	New York		Pennsylvania
1908	Louisiana		Tennessee
	Ohio		Wisconsin
	Rhode Island	1910	Maryland
	Virginia		District of Columbia
		1911	Colorado
			Missouri
			Utah

It has not yet been enacted in 26 States, 2 Territories, 2 Insular and 1 Isthmian Possession as follows:

- | | |
|--------------------|-----------------------|
| 1. Alabama | 17. North Dakota |
| 2. Arizona | 18. Oklahoma |
| 3. Arkansas | 19. Oregon |
| 4. Delaware | 20. South Carolina |
| 5. Florida | 21. South Dakota |
| 6. Georgia | 22. Texas |
| 7. Idaho | 23. Vermont |
| 8. Indiana | 24. Washington |
| 9. Kentucky | 25. West Virginia |
| 10. Maine | 26. Wyoming |
| 11. Minnesota | 27. Alaska |
| 12. Mississippi | 28. Hawaii |
| 13. Montana | 29. Philippines |
| 14. Nevada | 30. Porto Rico |
| 15. New Hampshire | 31. Panama Canal Zone |
| 16. North Carolina | |

The Uniform Warehouse Receipts Act contains 62 sections. The following outline of its subdivisions and section headings will sufficiently indicate its scope and purport:

PART I.

THE ISSUE OF WAREHOUSE RECEIPTS.

- Sec. 1.—Persons who may issue receipts.
 Sec. 2.—Form of receipts; essential terms.
 Sec. 3.—Form of receipts; what terms may be inserted.
 Sec. 4.—Definition of non-negotiable receipt.
 Sec. 5.—Definition of negotiable receipt.
 Sec. 6.—Duplicate receipts must be so marked.
 Sec. 7.—Failure to mark "not negotiable."

PART II.

OBLIGATIONS AND RIGHTS OF WAREHOUSEMEN UPON THEIR RECEIPTS.

- Sec. 8.—Obligation of warehouseman to deliver.
 Sec. 9.—Justification of warehouseman in delivering.
 Sec. 10.—Warehouseman's liability for misdelivery.
 Sec. 11.—Negotiable receipts must be canceled when goods delivered.
 Sec. 12.—Negotiable receipts must be canceled or marked when part of goods delivered.
 Sec. 13.—Altered receipts.
 Sec. 14.—Lost or destroyed receipts.
 Sec. 15.—Effect of duplicate receipts.
 Sec. 16.—Warehouseman cannot set up title in himself.
 Sec. 17.—Interpleader of adverse claimants.
 Sec. 18.—Warehouseman has reasonable time to determine validity of claims.
 Sec. 19.—Adverse title is no defense except as above provided.
 Sec. 20.—Liability for non-existence or misdescription of goods.
 Sec. 21.—Liability for care of goods.
 Sec. 22.—Goods must be kept separate.
 Sec. 23.—Fungible goods may be commingled, if warehouseman authorized.
 Sec. 24.—Liability of warehouseman to depositors of commingled goods.
 Sec. 25.—Attachment or levy upon goods for which a negotiable receipt has been issued.
 Sec. 26.—Creditors' remedies to reach negotiable receipts.
 Sec. 27.—What claims are included in the warehouseman's lien.
 Sec. 28.—Against what property the lien may be enforced.
 Sec. 29.—How the lien may be lost.
 Sec. 30.—Negotiable receipt must state charges for which lien is claimed.
 Sec. 31.—Warehouseman need not deliver until lien is satisfied.

- Sec. 32.—Warehouseman's lien does not preclude other remedies.
 Sec. 33.—Satisfaction of lien by sale.
 Sec. 34.—Perishable and hazardous goods.
 Sec. 35.—Other methods of enforcing liens.
 Sec. 36.—Effect of sale.

PART III.

NEGOTIATION AND TRANSFER OF RECEIPTS.

- Sec. 37.—Negotiation of negotiable receipts by delivery.
 Sec. 38.—Negotiation of negotiable receipts by indorsement.
 Sec. 39.—Transfer of receipts.
 Sec. 40.—Who may negotiate a receipt.
 Sec. 41.—Rights of person to whom a receipt has been negotiated.
 Sec. 42.—Rights of person to whom a receipt has been transferred.
 Sec. 43.—Transfer of negotiable receipt without indorsement.
 Sec. 44.—Warranties on sale of receipt.
 Sec. 45.—Indorser not a guarantor.
 Sec. 46.—No warranty implied from accepting payment of a debt.
 Sec. 47.—When negotiation not impaired by fraud, mistake, or duress.
 Sec. 48.—Subsequent negotiation.
 Sec. 49.—Negotiation defeats vendor's lien.

PART IV.

CRIMINAL OFFENSES.

- Sec. 50.—Issue of receipt for goods not received.
 Sec. 51.—Issue of receipt containing false statement.
 Sec. 52.—Issue of duplicate receipts not so marked.
 Sec. 53.—Issue for warehouseman's goods of receipts which do not state that fact.
 Sec. 54.—Delivery of goods without obtaining negotiable receipt.
 Sec. 55.—Negotiation of receipt for mortgaged goods.

PART V.

INTERPRETATION.

- Sec. 56.—When rules of common law still applicable.
 Sec. 57.—Interpretation shall give effect to purpose of uniformity.
 Sec. 58.—Definitions.
 Sec. 59.—Act does not apply to existing receipts.
 Sec. 60.—Inconsistent legislation repealed.
 Sec. 61.—Time when the act takes effect.
 Sec. 62.—Name of Act.

The great advantage to the commercial interests of the country to be derived from the passage of this Act in all the States will be the giving to the warehouse receipt a definite and uniform legal status and value which will enable the owner of stored goods represented by the receipt to more readily obtain needed loans and advances upon the security thereof to tide him over a period when such goods are not readily salable. In the vast volume of merchandise passing through the channels of trade from producer to consumer there is a certain large portion, representing the surplusage of the moment, which finds its way into the warehouses of the country, where it remains until a demand therefor calls for its withdrawal. To quote from a circular issued by the American Warehousemen's Association:

"These enormous values are held in warehouses all over the country; in the cotton warehouses of the South; in the grain elevators of the West; in the cold stores of the North; in the customs and free stores of the Atlantic and Pacific Coasts; and in yards and warehouses of the manufacturing centers of the middle and eastern States. Such, however, is the diversity and ambiguity of the legal enactments of the several States governing the use of these values as represented by warehouse receipts, that the larger portion of the investment in them is inert and a gatherer of expense rather than of profit as it should be. Through the Warehouse Receipts Act it is sought to remedy this evil by substituting uni-

formity and certainty for this diversity and uncertainty; to make the legal government of the warehouse receipt the same in all States and to thus give it the same value in the eyes of all men. By its general enactment it is hoped to make the receipts for goods warehoused in one section of the country good collateral for loans in all other sections. It is also hoped that in time under its influence the use of the warehouse receipt as bankable paper will become so general that manufacturers will be encouraged through it to produce their wares in times when demand is at the ebb as well as when demand is at the flood, thus keeping up a uniformity of output throughout the years at the lowest possible cost by the continuous and consequently economical employment of labor and machinery."

The Uniform Warehouse Receipts Act has been approved and recommended as desirable for enactment by the American Bankers' Association. Its passage in the 31 remaining States and jurisdictions of the country will obviously be in promotion of the general welfare and among those who will especially benefit will be the man of small capital who, possessing a negotiable warehouse receipt for his goods in store, will be able to obtain needed accommodation upon the security thereof, without being forced by urgent necessity to sacrifice his goods at far below their value at a time of slack demand.

THE NEGOTIABLE INSTRUMENTS ACT IN ARKANSAS.

ADVICES from Arkansas are to the effect that the Negotiable Instruments Act has passed both Houses of the Legislature and was, on February 24th, signed by the Governor. It becomes a law sixty days after executive approval. The bankers in Arkansas are to be congratulated upon the passage of this Act. The law of Arkansas on the subject of bills, notes and checks will now be in harmony with that of the forty other States and jurisdictions in which the Act already prevails.

THE WORD "TRUST" IN DELAWARE.

IN 1911 the Legislature of Delaware passed an act restricting the use of the word "trust" as part of a corporate name, to corporations under the supervision of the Insurance Commissioner, and prohibiting other corporations from advertising or soliciting or transacting business as a trust company. This act had the approval of the Committee on Protective Laws of the Trust Company Section and has been urged and passed in many other States.

It is now reported that a bill has been presented to the Delaware Legislature to amend this law in such a way as to weaken its effect, and it is the desire of Mr. Herbert A. Rhoades, member of the Committee on Protective Laws of the Trust Company Section, within whose province falls the State of Delaware, that every effort should be made to prevent the amendment of the law of 1911 in the way proposed.

Legislation of this character is necessary to prevent irresponsible corporations from masquerading as trust companies, and bankers and trust company officials in Delaware have been communicated with to the end that they may frustrate the attempt to

amend and weaken the law. It is hoped that all the bankers in the State will unite in the effort to defeat the proposed amendment.

BILLS OF LADING IN MISSOURI.

MR. J. E. GARM, Chairman of the Committee on Bills of Lading of the Missouri Bankers' Association, advises that the Uniform Bills of Lading Act was reported favorably by the Railroad Committee to the House of Representatives of the present (forty-seventh) General Assembly of Missouri and that no opposition developed in the House. In the Senate, however, various amendments have been offered and technical objections raised to various sections of the bill. These are being met by the proper legal answers. The Committee on Bills of Lading of the Missouri Bankers' Association have been working very earnestly in behalf of this Act, and it is hoped their efforts will meet with success.

THE NEW JERSEY ANTI-TRUST LAWS.

FOR the information of our members we are publishing the text of the seven acts recently passed by the Legislature of New Jersey on the recommendation of Governor Wilson, together with that portion of the second annual message of the Governor recommending these bills, and also the statement of Governor Wilson accompanying his approval of the acts. These accompanying statements illustrate the purpose of the acts.

(Extract from second annual message of Governor Wilson to New Jersey Legislature, January 14, 1913.)

"The corporation laws of the State notoriously stand in need of alteration. They are manifestly inconsistent with the policy of the Federal Government and with the interests of the people in the all-important matter of monopoly, to which the attention of the whole nation is now so earnestly directed. The laws of New Jersey as they stand, so far from checking monopoly, actually encourage it. They explicitly permit every corporation formed in New Jersey, for example, to purchase, hold, assign, and dispose of as it pleases the securities of any and all other corporations of this or any other State and to exercise at pleasure the full rights of ownership in them, including the right to vote as stockholders. This is nothing less than an explicit license of holding companies. This is the very method of forming vast combinations and creating monopoly, against which the whole country has set its face; and I am sure that the people of New Jersey do not dissent from the common judgment that our law must prevent these things and prevent them very effectually.

"It is our duty and our present opportunity to amend the statutes of the State in this matter not only, but also in such a way as to provide some responsible official supervision of the whole process of incorporation and provide, in addition, salutary checks upon unwarranted and fictitious increases of capital and the issuance of securities not based upon actual bona fide valuation. The honesty and soundness of business alike depend upon such safeguards. No legitimate business will be injured or harmfully restricted by them. These are matters which affect the honor and good faith of the State. We should act upon them at once and with clear purpose."

(Statement of Governor Wilson accompanying approval of acts.)

"The Legislature has passed the seven anti-trust bills recently introduced into the Senate and they have received Executive approval. I congratulate the

Legislature and the people on their passage. These laws mark a new era in our business life.

"A good deal of criticism was leveled at the bills during the hearings. A few amendments thought to be just and reasonable were made, but criticisms seeking to cut to the issue were answered and disregarded. It was urged that the provisions of the amendment of section 51 of the corporation act would prohibit one corporation from acquiring the bonds, securities and other evidences of indebtedness of other corporations in the regular conduct of legitimate business. Those who made the objection quite overlooked the proviso that the act should not operate to prevent any corporation from taking such securities from a non-competing corporation in the payment of debt.

"It had even been said that the act would prevent a company which may lawfully loan money from taking a bond and mortgage to secure its payment. This was palpably untrue. A loan creates a debt, and security for a debt legitimately created can always be taken by a loaning corporation from a borrowing corporation under the plain meaning of the act. Besides, the bill does not invade any rights already acquired by corporations under section 51 of the act. Every established business can go on without interruption as heretofore, but cannot hereafter expand by the acquisition of the stock and bonds of other corporations for the purpose of controlling them; and no corporation can in the future be organized to take over, hold, or control other corporations. Carefully considered clauses in the new legislation permit corporations to invest their surplus earnings reserved as a working capital, as well as funds reserved for the benefit of their employees by way of insurance and otherwise, or for rebuilding, or to offset depreciation.

"It had been suggested that these acts would prevent a bank from acquiring and discounting the promissory note of a corporation. They could have no such effect. The corporations whose notes are discounted by banks do not compete with those banks, and when a bank discounts a note it loans its money on the strength of the note and takes it to secure repayment. Besides, banks are not organized under the general corporation act that banking powers shall not be exercised by any corporation formed under it. The amendment to section 51 describes only corporations formed under the general corporation act.

"Furthermore, section 49 of the corporation act still stands, though appreciably restricted by the amendments made by Senate bill No. 45. It still permits any corporation to purchase property, real and personal, necessary for its business, or the stock of any company owning or producing property necessary for its business, provided only that the property purchased shall be of like character and use to the property used by the purchasing company in the direct conduct of its own proper business. Heretofore under section 49 the stock and property of rival concerns could be acquired for the purpose of lessening competition and creating monopoly. That is now prohibited.

"Senate bill No. 43, the act defining trusts and designed to promote free competition and commerce in all classes of business, makes it criminal to make an agreement which directly or indirectly precludes a free and unrestricted competition in the sale or transportation of any article or commodity either by pooling, withholding from the market, or selling at a fixed price or in any other manner by which the price might be affected. It was urged upon the Legislature that the bill be amended by adding the word 'knowingly' so that it would read that any person or persons who wilfully and knowingly makes an agreement in restraint of trade should be punished.

"I do not see how agreements can be made without the knowledge of those who make them, but I do understand how exceedingly difficult it is to prove knowledge to the satisfaction of a court; and it was perfectly evident that the proposal to superadd the word 'knowingly' was merely a plausible scheme devised by those who would escape the just penalties of illegal acts by compelling the prosecution to prove that the inhibited acts were done knowingly. I un-

derstand that it is a general principle of law that there must be a guilty mind to constitute a guilty act. It seems to me that this affords ample protection to any honest man.

"It has been said in some quarters that these laws will help big business and hurt the small dealers. That is, of course, not the intention, and it cannot be the effect. The purpose is to strike down monopoly and restraint of trade, big or little, and I confidently predict that these laws will prove a blessing to the whole people. The salutary provision of the act defining trusts is that it makes it unlawful to make any agreement directly or indirectly which will preclude free and unrestricted competition in business. Monopolies have too often accomplished by indirection what they could not do directly.

"The holding company is an example of this. Where two or more companies by existing law could not make an agreement in restraint of trade they hit upon the scheme of fusing and merging into a holding company which regulated the business of the subsidiaries in such a way as to restrict trade and increase prices.

"Honest business and honest men have nothing to fear from these acts. Those who would engage in the heartless practices of ruining rivals and filching from the pockets of the people more than they ought reasonably to demand are the only ones who will have cause to regret their enactment. I predict that under them the people of New Jersey will enter upon a new era of prosperity."

Text of New Jersey Anti-Trust acts:

STATE OF NEW JERSEY.

Chapter 13, Laws of 1913.

An act to define trusts, and to provide for criminal penalties and punishment of corporations, firms and persons, and to promote free competition in commerce and all classes of business, both intrastate business and interstate business, engaged in and carried on by or through any corporation, firm or person.

Be it enacted by the State and General Assembly of the State of New Jersey:

1. A trust is a combination or agreement between corporations, firms or persons, any two or more of them, for the following purposes, and such trust is hereby declared to be illegal and indictable:

(1) To create or carry out restrictions in trade or to acquire a monopoly, either in intrastate or interstate business or commerce.

(2) To limit or reduce the production or increase the price of merchandise or of any commodity.

(3) To prevent competition in manufacturing, making, transporting, selling and purchasing of merchandise, produce or any commodity.

(4) To fix at any standard or figure, whereby its price to the public or consumer shall in any manner be controlled, any article or commodity of merchandise, produce or commerce intended for sale, use or consumption in this State or elsewhere.

(5) To make any agreement by which they directly or indirectly preclude a free and unrestricted competition among themselves, or any purchasers or consumers, in the sale or transportation of any article or commodity, either by pooling, withholding from the market or selling at a fixed price, or in any other manner by which the price might be affected.

(6) To make any secret oral agreement or arrive at an understanding without express agreement by which they directly or indirectly preclude a free and unrestricted competition among themselves, or any purchasers or consumers, in the sale or transportation of any article or commodity, either by pooling, withholding from the market, or selling at a fixed price, or in any other manner by which the price might be affected.

2. Any person or corporation guilty of violating any of the provisions of this act shall be adjudged guilty of a misdemeanor, and punished accordingly on conviction.

3. Whenever an incorporated company shall be guilty of the violation of any of the provisions of

this act, the offense shall be deemed to be also that of the individual directors, of such corporation, ordering or doing any of such prohibited acts and on conviction thereof they shall be punished accordingly.

4. In addition to the punishment which may be imposed for the misdemeanor the charter of the offending corporation may be revoked in appropriate proceedings by the Attorney-General of this State.

5. Nothing in this act contained shall operate to deprive any corporation of any right or power given or granted by section forty-nine of the act entitled "An act concerning corporations (Revision of 1896)," and the words "article" and "commodities" in this act are to be construed as synonymous with natural products, manufactured products, and goods, wares and merchandise.

6. If any part or parts of this act shall be held to be invalid or unconstitutional the validity of the other parts hereof shall not thereby be affected or impaired.

Approved February 19, 1913. In effect July 4, 1913.

STATE OF NEW JERSEY.

Chapter 14, Laws of 1913.

A further supplement to the act entitled "An act for the punishment of crimes (Revision of 1898)."

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. It shall be unlawful for any person, firm, corporation or association, engaged in the production, manufacture, distribution or sale of any commodity of general use, or rendering any service to the public, to discriminate between different persons, firms, associations or corporations, or different sections, communities or cities of the State, by selling such commodity or rendering such service at a lower rate in one section, community or city than another, or at a different rate or price at a point away from that of production or manufacture as at the place of production or manufacture, after making due allowance for the difference, if any, in the grade, quality or quantity, and in the actual cost of transportation from the point of production or manufacture, if the effect or intent thereof is to establish or maintain a virtual monopoly, hindering competition, or restriction of trade.

2. Any person or corporation violating this act shall be guilty of a misdemeanor and on conviction thereof shall be punished accordingly.

3. This act shall take effect immediately.

Approved February 19, 1913.

STATE OF NEW JERSEY.

Chapter 15, Laws of 1913.

A further supplement to an act entitled "An act concerning corporations (Revision of 1896)," approved April twenty-first, one thousand eight hundred and ninety-six, for the purpose of amending section forty-nine thereof.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Section forty-nine of the act entitled "An act concerning corporations (Revision of 1896)," be and the same is hereby amended so as to read as follows:

49. (1) Any corporation formed under this act may purchase property, real and personal, and the stock of any corporation, necessary for its business, and issue stock to the amount of the value thereof in payment therefor, subject to the provisions hereinafter set forth, and the stock so issued shall be full paid stock, and not liable to any further call; and said corporation may also issue stock for the amount it actually pays for labor performed.

Provided, that when property is purchased the purchasing corporation must receive in property or stock what the same is reasonably worth in money at a fair bona fide valuation; and provided further, that no fictitious stock shall be issued; that no stock shall be issued for profits not yet earned, but only anticipated; and provided further, that when stock is issued on the basis of the stock of any other corporation it may purchase, no stock shall be issued thereon for an amount greater than the sum it actu-

ally pays for such stock in cash or its equivalent; and provided further, that the property purchased or the property owned by the corporation whose stock is purchased shall be cognate in character and use to the property used or contemplated to be used by the purchasing corporation in the direct conduct of its own proper business; and in all cases when stock is to be issued for property purchased, or for the stock of other corporations purchased, a statement in writing, signed by the directors of the purchasing company or by a majority of them, shall be filed in the office of the Secretary of State, showing what property has been purchased, and what stock of any other corporation has been purchased, and the amount actually paid therefor.

(2) That if any certificate made in pursuance of this act shall be false in any material representation, all the officers who sign the same, knowing it to be false, shall be guilty of misdemeanor, and the directors, officers and agents of the corporation, who wilfully participate in making it, shall be guilty of misdemeanor. And provided further, that any corporation which shall purchase the stock of any other corporation, or any property, for the purpose of restraining trade or commerce, or acquiring a monopoly, and the directors thereof participating therein, shall be guilty of a misdemeanor.

2. This act shall take effect immediately.
Approved February 19, 1913.

STATE OF NEW JERSEY.

Chapter 16. Laws of 1913.

An act to amend an act entitled "A further supplement to the act entitled 'An act for the punishment of crimes,' approved June fourteenth one thousand eight hundred and ninety-eight (Revision of 1898)," which supplement was approved June second, one thousand nine hundred and five.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Section one of the act entitled "A further supplement to the act entitled 'An act for the punishment of crimes,' approved June fourteenth, one thousand eight hundred and ninety-eight (Revision of 1898)," which supplement was approved June second, one thousand nine hundred and five, be and the same is hereby amended so as to read as follows:

1. Any person or persons, who shall organize, or incorporate, or procure to be organized, or incorporated, any corporation or body politic, under the laws of this State, with intent thereby to further, promote or conduct any object which is fraudulent or unlawful under the laws of this State, or which is intended to be used in restraint of trade or in acquiring a monopoly, when such corporation or body politic engages in interstate or intrastate commerce, shall be guilty of a misdemeanor.

2. Section two of said supplement shall be and the same is hereby amended so as to read as follows:

2. Any person, or persons, being officers, directors, managers or employees of any corporation or body politic, incorporated under the laws of this State, who shall wilfully use, operate or control said corporation or body politic, or suffer the same to be used for the furtherance or promotion of any object fraudulent or unlawful under the laws of this State, or who shall use the same directly or indirectly in restraint of trade or in acquiring a monopoly, when such corporation or body politic engages in interstate or intrastate commerce, shall be guilty of a misdemeanor.

3. If any part or parts of this act shall be declared to be invalid or unconstitutional, the other parts hereof shall not thereby be affected or impaired.

4. This act shall take effect immediately.
Approved February 19, 1913.

STATE OF NEW JERSEY.

Chapter 17. Laws of 1913.

An act to amend section one hundred and nine of an act entitled "An act concerning corporations (Revision of 1896)," approved April twenty-first, one thousand eight hundred and ninety-six.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Section one hundred and nine of the act entitled "An act concerning corporations (Revision of 1896)," be and the same is hereby amended so as to read as follows:

109. When two or more corporations are merged or consolidated the consolidated corporation shall have power and authority to issue bonds or other obligations, negotiable or otherwise, and with or without coupons or interest certificates thereto attached, to an amount sufficient with its capital stock to provide for all the payments it will be required to make or obligations it will be required to assume, in order to effect such merger or consolidation; to secure the payment of which bonds or obligations it shall be lawful to mortgage its corporate franchises, rights, privileges and property, real, personal and mixed; Provided, such bonds shall not bear a greater rate of interest than six per centum per annum; the consolidated corporation may issue capital stock, either common or preferred, or both, to such an amount as may be necessary, to the stockholders of such merging or consolidating corporations in exchange or payment for their original shares, in the manner and on the terms specified in the agreement of merger, or consolidation, which may fix the amount and provide for the issue of preferred stock based on the property or stock of the merging or consolidating corporations conveyed to the consolidated corporations as well as upon money capital paid in.

2. This act shall take effect immediately.
Approved February 19, 1913.

STATE OF NEW JERSEY.

Chapter 18. Laws of 1913.

An act to amend an act entitled "An act concerning corporations (Revision of 1896)," approved April twenty-first, eighteen hundred and ninety-six.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Section fifty-one of the act referred to in the title of this act is hereby amended to read as follows:

51. No corporation heretofore organized or hereafter to be organized under the provisions of the act to which this is an amendment, or the amendments thereof or supplements thereto, except as otherwise provided therein or thereby, shall hereafter purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the shares of the corporate stock of any other corporation or corporations of this or any other State, or any bonds, securities or other evidence of indebtedness created by any other corporation or corporations of this or any other State, nor as owner of such stock exercise any of the rights, powers and privileges of ownership, including the right to vote thereon. Provided, that nothing herein contained shall operate to prevent any corporation or corporations from acquiring the bonds, securities or other evidences of indebtedness created by any non-competing corporation in payment of any debt or debts due from any such non-competing corporation; nor to prevent any corporation or corporations created under the laws of this State from purchasing as a temporary investment out of its surplus earnings, reserved under the provisions of this act, as a working capital, bonds, securities or evidences of indebtedness created by any non-competing corporation or corporations of this or any other State, or from investing in like securities any funds held by it for the benefit of its employees or any funds held for insurance, rebuilding or depreciating purposes; nor to prevent any corporation or corporations created under the laws of this State from purchasing the bonds, securities or other evidences of indebtedness created by any corporation the stock of which may lawfully be purchased under the authority given by section forty-nine of the act entitled "An act concerning corporations (Revision of 1896);" provided, also, that nothing herein contained shall be held to affect or impair any right heretofore acquired in pursuance of the section hereby amended, by any corporation created under the laws of this State.

2. All acts and parts of acts inconsistent herewith are hereby repealed, and this act shall take effect immediately.

Approved February 19, 1913.

STATE OF NEW JERSEY.

Chapter 19. Laws of 1913.

A further supplement to an act entitled "An act concerning corporations (Revision of 1896)," approved April twenty-first, one thousand eight hundred and ninety-six.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. A merger of corporations made under the provisions of the act to which this act is a supplement,

shall not in any manner impair the rights of any creditor of either of the merged corporations.

2. Before any merger of corporations can be made, the approval thereof in writing by the Board of Public Utility Commissioners of this State shall be obtained by said corporations and filed in the office of the Secretary of State, with the names of the directors of each of said corporations which assent to the merger.

3. Every corporation and the directors thereof, procuring or assenting to such merger without complying with the provisions hereinbefore contained, shall be guilty of a misdemeanor and punishable accordingly.

4. This act shall take effect immediately.

Approved February 19, 1913.

OPINIONS OF GENERAL COUNSEL.

Summary of Questions Received and Opinions Rendered to Members of the Association.

GARNISHMENT OF BANK ACCOUNT.

Procedure where account of "John Jones, Agent," garnished by creditor of Jones individually.

From Alabama.—We have an account in the name of John Jones, agent. A garnishment is served on us against John Jones. In making our answer we state that we have no funds of John Jones, and in accordance with our answer we pay out the money of John Jones, agent. Later on, the question arises as to the ownership of the funds, and we narrowly escape a damage suit because the party who instituted the garnishment claimed that the funds belonged to John Jones, even though the account was opened as John Jones, agent.

There is considerable doubt in our minds as to the best method of procedure in handling funds where there is any question as to the ownership, and we will thank you to give us the benefit of your judgment regarding it.

Where a bank carries an account for John Jones, agent, not knowing that Jones is the real owner or whether the deposit belongs to some undisclosed principal, and is garnished as a debtor of Jones, I do not think the bank should take the risk of answering that it is not indebted to Jones and then subsequently pay him the money upon his check as agent, but it should make answer showing the precise facts, acknowledging its indebtedness to Jones, agent.

In a recent case before the Supreme Court of Texas, *Silsbee State Bank v. French Market Grocery Company*, 132 S. W. 465, a bank carried an account for "Ray Miller, agent," and was garnished by a judgment creditor of Miller. After service of the writ it paid out the balance on the checks of "Ray Miller, agent," and answered denying indebtedness to Miller. The only evidence offered was that of the president of the bank showing a deposit of money to the credit of Ray Miller, agent, and the payment of it on his checks as agent after service of the writ. The Court of Civil Appeals held that the money in the bank to the credit of Ray Miller, agent, was *prima facie* the property of some undisclosed principal and not subject to his debt and that the burden was upon the plaintiff in the garnishment proceedings to rebut this *prima facie* case of evidence showing that the money was in fact the property of Ray Miller. The Supreme Court held this ruling was incorrect and that the garnishee was liable. It said that while the bank was bound to treat the depositor as owner and honor his checks without regard to whether ultimate ownership was in another, a garnishing creditor cannot

reach the deposit merely because the bank must treat the depositor as owner, but only in case the depositor is the real owner. "The solution of the question, therefore, is not to be found in an analysis of the legal relation between banker and depositor, but must be reached by determining the probative force of the facts shown. That which is decisive in our judgment is that the depositor is found in the full possession and control of the money deposited. This is *prima facie* evidence of title unless its effect as such is destroyed by his profession that he holds as agent, with nothing more to indicate the existence of a principal. A possession really held as agent is that of a principal. To whom could this possession be attributed but to Miller? That is the only one of which the creditor and the court knows anything, and we think it should be treated as being really his, as its mere existence indicates it to be. To hold otherwise would be to deprive a creditor of the chief evidence of the ownership of property by his debtor upon a mere declaration by the latter that it belongs to some undisclosed person who asserts no claim for himself."

When, therefore, a bank carrying an account "John Jones, agent," is garnished by a creditor of Jones and it has not been informed by Jones and has no knowledge or information of the name or identity of any principal for whom Jones is acting, the only safe course for the bank, it seems to me, is to make answer that it is indebted to John Jones as agent and obtain an order allowing it to pay the money into court, subject to the judgment. The Alabama Code provides: "When the garnishee admits indebtedness or liability to the defendant, and the defendant has not executed bond for the dissolution of the garnishment as provided in this chapter, the garnishee may, by order of the court first had and obtained, pay the amount of such indebtedness or liability, or so much thereof as the court may direct, into the hands of the clerk, to be held subject to the judgment in the cause; and such payment has the effect to discharge the garnishee from liability for the amount so paid and interest subsequently accruing thereon, but does not prevent the interposition and trial of collateral issues as provided in this article." Ala. Civ. Code (1907), Chap. 91, Art. 2, Sec. 4317 (2188).

If, on the other hand, the bank has knowledge or reason to believe that the deposit really belongs to a known principal for whom Jones is agent, the

Alabama procedure provides that it may set up as a defense that the property belongs to a third person and suggest a claimant to the fund, whereupon it is incumbent upon the plaintiff to notify such claimant to come in and defend. I cite the following Alabama decisions for your information:

The general rule is that a garnishee may set up as a defense in garnishment proceedings that the property or fund sought to be reached belongs to a third person, by virtue of an assignment, or otherwise, and it is then for plaintiff to contest the fact of the assignment by a proper issue. However, if the garnishee turns over the property or fund to the defendant or a third person before the decision of the issue raised by the contest, he does so at his peril, and runs the risk of having to pay a second time. *Curtis v. Parker*, 136 Ala. 217; *Kimbrough v. Davis*, 34 Ala. 583; *Myatt v. Lockshort*, 9 Ala. 91; *Foster v. Walker*, 2 Ala. 177. See also *Nat. Com. Bank v. Miller*, 77 Ala. 168.

Whenever the garnishee, by his answer or otherwise, suggests a claimant as to the fund sought to be reached, the statute requires that notice shall issue to such claimant. *Bank v. Miller*, 77 Ala. 168; *Salter's Case*, 62 Ala. 221.

The statute designs the protection of the garnishee against a double payment, and hence directs that proceedings against him shall be suspended, and that notice shall issue to the claimant, by which he may be brought in and his right adjudicated in the same suit whereby a judgment, conclusive on him and protecting the garnishee, may be rendered. It operates to prohibit judgment against the garnishee until an issue is formed between the plaintiff and the claimant, in the mode provided, and found in favor of the plaintiff. The duty devolves on the plaintiff to see that notice issues, and the court is bound to suspend further proceedings against the garnishee and cause a notice to issue to the claimant to come in and propound his claim. *Wicks v. Branch Bank*, 12 Ala. 594; *Security Loan Assn. v. Weems*, 69 Ala. 584; *Edwards v. Levison*, 80 Ala. 477.

If a garnishee have notice of the transfer of his indebtedness before answering, he should state it in his answer. If after answering and before final judgment, he should amend his answer by stating the notice of transfer he has received. *Crayton v. Clark*, 11 Ala. 787.

CHECK DATED ON SUNDAY OR HOLIDAY.

Validity of check dated on Sunday or holiday considered with reference to law of South Carolina.

From South Carolina.—Will you kindly advise if a check dated on Sunday or a holiday can be safely paid in South Carolina?

At common law, the doing of business on Sunday was not prohibited, but in most States statutes have been enacted in more or less general prohibition of business on that day. Under many of such statutes the courts have held that a bill or note executed and delivered on Sunday falls within the prohibition of such laws and is void. At the same time, as delivery completes the contract, if a bill or note is delivered on another day, these courts hold the instrument

valid though dated and signed on Sunday and admit parol evidence to show delivery on another day.

Each State, however, has its own special Sunday statute and as the matter of validity of bills and notes executed on Sunday depends upon the interpretation of the particular State statute by the courts of the State, the law in one State is not necessarily the law in another.

Looking into the law of South Carolina, it was held in *Hellams v. Abercrombie*, 15 S. C. 110, that there is nothing in the common law or in the statute of South Carolina which renders a mortgage, executed on Sunday, void on that account. In delivering the opinion of the court, *Simpson, C. J.*, said, *inter alia*:

"Is the contract void by virtue of any statute of the State? The act of 1712 is the only act on the subject. That act forbids tradesmen, workmen, laborers, etc., from exercising any worldly labor, business, or work in their ordinary calling upon the Lord's day under a certain penalty. The execution of the mortgage now under consideration does not fall within the penalty of this act, and therefore void. It was not an act done within the ordinary calling of the parties. It was a casual and exceptional act, and in no way violated the act of 1712.

"The first section of 29 Charles II. was very similar in its terms to the act of 1712. This section was construed in the cases of *Drury v. De Fontaine*, 1 Taunt. 131, and in *Bloxsome v. Williams*, 3 B. & C. 232, not to embrace contracts made outside of the ordinary calling of the party. True, in one case decided since, a different doctrine was held, the construction above being regarded as too narrow and contrary to the spirit of the act; but in the subsequent decisions, especially in the case of *Rex v. Inhabitants of Whitnash*, 7 B. & C. 596, the decision in the case of *Bloxsome v. Williams*, supra, was reaffirmed, and a contract of hiring between a farmer and a laborer for a year, made on a Sunday, was held valid. Such, in our opinion, is the proper construction of the act of 1712, incorporated in the General Statutes, page 390."

See also *Mitchell v. Bates*, 57 S. C. 44, citing the above case with approval.

In *Mills v. Williams*, 16 S. C. 593, it was held that a party seeking to impeach a contract because it was made on Sunday must show that it was done by a person in the exercise of the business of his ordinary calling, and citing *Hellams v. Abercrombie*, 15 S. C. 110, with approval. In this case it was the contention of the defendant that the contract evidenced by the note in suit was made on Sunday, and, therefore, void.

I can find no recent cases in South Carolina bearing on the subject, but in view of the above authorities, and in the absence of a prohibitory statute, it would seem that there would not be much danger in paying a check dated on Sunday in that State. There might be a question as to the validity of such a check if drawn and delivered, for example, by a cotton buyer who might be pursuing his ordinary calling on Sunday, buying and paying for cotton or other products by means of checks; but ordinarily the isolated execution and delivery of a check on Sunday, as a casual and exceptional act, would be lawful and the check valid.

With stronger reason a check dated on a holiday is valid and may be safely paid in South Carolina for, as a general rule, there are no compulsory holidays having the effect of suspending the transaction of private business in the absence of statutory provision to that effect. *Farnum v. Fowle*, 12 Mass. 89; *Green v. Walker*, 73 Wis. 548; *Richardson v. Goddard*, 23 How. (U. S.) 28, 16 L. ed. 412.

CHECK "IN FULL."

Where check "in full" is given for a fixed and undisputed claim of greater amount, acceptance by creditor does not bar recovery of balance—But where claim is disputed and unliquidated, acceptance by creditor prevents further recovery.

From Maryland.—Please do us the favor to let us know the effect of the words "in full" written on a check; whether a check so accepted may be claimed as positive proof that an account is settled.

Whether the acceptance by a creditor of a check for less than the amount of his claim stated to be "in full," bars the creditor from collecting anything more depends, according to the authorities, upon whether the claim is for a fixed and undisputed amount or an unliquidated and disputed sum. If the claim is of the former character the acceptance of the check does not bar recovery of the balance due; if the latter, nothing further can be recovered. See for an example of the former kind, *Tucker v. Marvin*, 2 Pa. Dist. Rep. 97, where A. held a judgment against B. for \$164.34, and B. mailed his check for \$75 "in full of all account or claims of whatever nature." It was held the acceptance of the check by A. did not bar him from recovering the balance of the judgment. For an illustration of a check "in full," given in a case where the claim was in dispute, see *St. Regis Paper Co. v. Tonawanda Board & Paper Co.*, 107 App. Div. (N. Y.) 90. Paper pulp shipped by seller to buyer was wet and after inspection of the representatives of the respective parties there was a disagreement as to the proper percentage to be deducted for moisture. The buyer mailed its check for \$1,653.06 "in full of account." It was held the acceptance of the check by the seller barred it from recovering anything more. The court said: "There was a genuine dispute between the parties as to the amount due. . . . The amount due was one of two sums, but which sum was uncertain. The claim was consequently unliquidated. The defendant mailed its check for the amount it claimed to be unpaid and stipulated in the check that it was to be received 'in full payment and satisfaction of the account.' The defendant had a right to impose the condition upon which the acceptance was to be made. The payee was not obliged to accede to the condition. It could return the check declining to receive it in full payment. If, however, it used the check, causing the account of the defendant with the drawee to be depleted by the sum represented by it, it acceded to the stipulation which defendant imposed."

A recent case in your own State to the same effect is *Scheffenacker v. Hooper*, 113 Md. 111. Defendant being indebted to plaintiff, disputed the bill and sent him a check for one-half the amount claimed with a letter stating that the check was "intended to be in

settlement of bill for printing catalogues. . . . I do not wish a controversy and rather than have one I am enclosing check for \$361.20, one-half your bill in full settlement thereof. If you do not care to accept such a compromise do not use my check and I will then reserve the right to claim for the damage I have suffered." It was held the retention and use of the check by the plaintiff debarred him from recovering the balance claimed to be due.

RECEIPT OF DEPOSITS.

Bank under no obligations to receive deposits from undesirable persons and may close an account at any time it chooses.

From New Jersey.—We occasionally find it necessary to request certain of our customers to close their accounts because their business methods are questionable and their accounts undesirable. We believe this custom prevails among banks in general. Will you kindly express your opinion as to what is the best procedure to follow in such cases and also if there is any statute in existence prohibiting banks from refusing to accept such accounts or from pursuing the course above stated.

The decisions are uniform to the effect that the right to receive deposits does not imply a corresponding duty to receive them, and that a bank may take the deposits of those persons only whom it wishes as its customers and refuse others. *Thatcher v. Bank of State of New York*, 5 Sand. 121. Where a bank carries an account it may close the same at any time by tendering to the depositor the amount due and declining to receive more. *Chicago, etc., Co. v. Stanford*, 28 Ill. 168; *Elliott v. Capital City State Bank*, 128 Iowa 275.

I know of no statute in any State which changes the effect of the above and makes it incumbent on banks to receive deposits of undesirable persons.

CERTIFICATION OF CHECK WHEREON PAYEE'S INDORSEMENT FORGED.

Certifying bank does not warrant genuineness of payee's indorsement and is not responsible to purchaser—If money paid by certifying bank thereon, it may be recovered.

From Illinois.—I desire to ask your advice with reference to a provision of the Negotiable Instruments Act of Illinois. The provision probably is similar to the one in the New York law. The article reads as follows: "Where the holder of a check procures it to be certified the drawer and all indorsers are discharged from liability thereon."

The question in which this bank is at present interested is of the following character: Checks issued by a local company by some means came into the hands of a party who forged the name of the payee and negotiated them. After the forger had disposed of the checks they were presented to this bank, the drawee, for certification and were certified. Later they were presented to another local bank for payment, cashed and through the clearing house presented to the drawee bank for payment. Subsequently the depositor that issued the checks discovered the payee's name in each case had been forged. The drawee then returned them to the bank that cashed them in the first instance, and received the money. Subsequently the bank that cashed the checks failing to receive payment commenced suit against the drawee and another against the last indorser, to

whom payment had been made. The last endorser is financially irresponsible and permitted judgment to be entered by default. The case between the two banks is still pending. In your opinion is the plaintiff entitled to recover? If any cases pertinent to the issue have been decided I would appreciate the citation of them.

I do not think the provision of the Negotiable Instruments Act, that where the holder procures a check to be certified the drawer and all indorsers are discharged from liability thereon has any application to the present case, because the holder who procured the certification received the check under a forged indorsement and had no title thereto nor right to payment. The reason underlying the provision referred to is that where the rightful holder of a check presents it to the drawee bank, he has the opportunity of receiving payment thereof; and if instead of cash he chooses to take the bank's obligation in the form of a certification, this should and does relieve the drawer and indorsers prior to the holder from further responsibility in case of ultimate non-payment. But this provision can have no application, in my opinion, to a holder who derives possession through a forged indorsement. The Negotiable Instruments Act defines "holder" to be "the payee or indorsee of a bill or note who is in possession of it, or the bearer thereof." "Bearer," the act provides, "means the person in possession of a bill or note which is payable to bearer." The person who procured certification of this check was not, therefore, the bearer, nor could he be regarded as indorsee where the indorsement through which he derived possession was forged.

The question, therefore, is simply one of liability of a bank which certifies a check bearing forgery of the payee's indorsement, to a bank which purchased the check so certified.

It is well settled law in Illinois and elsewhere that a bank which certifies a check which has been raised in amount or upon which the indorsement is forged, does not warrant or make itself responsible for the increased amount or the genuineness of the indorsement to a subsequent purchaser of the instrument, but it is responsible, upon its contract of certification, merely for the genuineness of the drawer's signature and the sufficiency of the account. Without taking the time to make a brief of the cases I will simply refer to *First National Bank v. Northwestern National Bank*, 152 Ill. 296, the opinion in which contains this language: "An acceptor is bound to look only to the face of the bill or check and an acceptance never proves an indorsement. . . . In this case the acceptance or certification of the two checks simply warranted the genuineness of the signatures of the drawer, and that it had funds sufficient to meet them, and engaged that those funds should not be withdrawn from the bank by the drawer, and that the bank would pay, through the agency of the Chicago Clearing House, the amount, if any, actually due on the check to the person legally entitled to receive it. The acceptance or certification did not warrant the genuineness of the bodies of the checks either as to the payees or the amounts, or warrant the genuineness of the indorsements on the checks." And will also refer to *Met. Nat. Bank v. Merchants' Nat. Bank*, 182 Ill. 367, which holds that certification of a draft after it has been raised is not conclusive against the certifying bank and does not warrant the

genuineness of the body of the draft, other than the signature. In this case the following language is quoted with approval from *Morse on Banks*, Section 482, and the Supreme Court of Illinois states that numerous authorities sustain the proposition: "The better doctrine seems to be that certification of a check by a bank is a voucher on the part of the bank only for the facts that the signature is genuine, and that there are funds enough to pay the amount for which the check purports to be drawn; that the bank does not warrant the genuineness of the body of the check or of any indorsement upon it; and that, if there has been any fraudulent alteration or forged indorsement prior to such certification, the certification, like the payment, is made under a mistake of facts, and, as the payment could be recovered back, so the certification is not binding."

From the above it is clear that your bank, the drawee, would have had the right to recover the money paid to the other bank upon the check bearing forged indorsement, which it certified and, the money having been refunded by that bank, it is not now liable at the suit of that bank therefor.

DISCOUNT AT HIGHEST LEGAL RATE.

While, generally, a bank may reserve interest in advance at highest legal rate, in Mississippi, such discount has been held to constitute usury.

From Mississippi.—I will very much appreciate your opinion as to whether or not interest collected in advance by a bank (commonly known as bank discount) at the contract rate is usurious.

The customary rate of bank discount in this city is 8 per cent.; the contract rate in Mississippi prior to January, 1913, having been 10 per cent.; but, effective January 1st last, the contract rate was reduced to 8 per cent. We, of course, do not wish to continue the collection of 8 per cent. discount (though money is worth that rate here) if the prepayment of interest at the contract rate constitutes usury.

While in nearly every State in the Union it is the settled rule that upon any short-term loan, say for a year or less, interest may be reserved in advance at the highest legal rate without rendering the loan usurious, there are cases in Mississippi to the contrary and it has been held both as to national and state banks that the deduction of interest in advance at the highest rate constitutes usury.

The statute of Mississippi, which took effect January 1, 1913, provides:

"The legal rate of interest on all notes, accounts and contracts shall be 6 per cent. per annum; but contracts may be made, in writing, for a payment of a rate of interest as great as 8 per centum per annum. And if a greater rate of interest than 8 per centum shall be stipulated for or received in any case, all interest shall be forfeited, and may be recovered back, whether the contract be executed or executory. If a rate of interest than 8 per centum shall be stipulated or indirectly, greater than 20 per cent. per annum, the principal and all interest shall be forfeited, and any amount paid on such contract may be recovered by suit."

This is simply a re-enactment of the former statute with the contract rate changed from ten to eight per cent.; therefore, the same construction placed by the courts upon the former statute, would apply to

the present one. The cases under the former statute are the following:

Polkinghorne v. Hendricks, 61 Miss. 366, in which it was held that the prepayment of the full legal rate of interest is usurious. This case was cited with approval in *Hiller v. Ellis*, 72 Miss. 701.

Banking Co. v. Bank, 73 Miss. 96, in which it was held that a charge of interest at the rate of 10 per cent. "discount" is in violation of the statute disallowing as usurious all charges of interest in excess of 10 per cent.

Timberlake v. First Nat. Bank, 43 Fed. 231, in which it was held that, under the Mississippi statute, a national bank in that State could not deduct interest in advance at the highest rate, as such transaction would be usurious, that the bank can charge interest only on the amount of money actually loaned.

From the above authorities it would appear that neither a national nor a state bank in Mississippi can collect 8 per cent. in advance, commonly known as bank discount, without incurring the penalty of usury.

ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL.

Enforceable rights of bank, assignee of life insurance policy as collateral, as affected by (1) requirement of company that it will require all parties of record, including insured and beneficiary, to join in any settlement, and (2) disability of beneficiary to make assignment.

From Michigan.—I enclose herewith form of assignment of life insurance policy as collateral (form of assignment enclosed is by insured and beneficiary to bank with power of attorney to collect and apply on money advanced, accounting for any excess), which is in use by this bank.

In acknowledgment of the receipt of this form of assignment the _____ Life Insurance Company of Milwaukee sends us the following form letter:

"The _____ National Bank,
_____, Michigan.

"Dear Sirs:

"We acknowledge receipt of yours of the 20th inst., enclosing duplicate assignment dated January 20, 1913, of Policy No. _____ from _____ to above bank."

This paper will be placed on file.

"Extract from 'Instructions to Agents.'

"It is provided in our policies that no assignment shall be binding upon the company until it be filed at the Home Office; but this does not imply that the company assumes any responsibility whatever in regard to the validity or sufficiency of an assignment. It is evident that it would be impossible for the company to make the investigation necessary for determining the validity of all such instruments." It is for this reason, therefore, that the company requires all parties of record, including the insured and beneficiary (if any), to join in any settlement of the policy.

When an assignment to a creditor is to be released, it should be on Form 518—in all other cases on Form 259, and a duplicate of either paper sent to the company. Blanks for assignment, reassignment and creditor's release of interest will be furnished on request.

Yours truly,

A. S. H—, Secretary.

From the wording of the last clause in the first paragraph, under the heading "Extract from 'Instructions to Agents,'" it would appear that notwithstanding the fact of an absolute assignment of the policy having been duly executed, not only by the assured but also by the beneficiary, the company will require the

subsequent assent of the same parties before a settlement will be made with the assignee, in case it becomes necessary to realize on the assigned policy.

We will be pleased to have you give us an opinion as to our position in case the assured or the beneficiary should decline to join in a release of the policy and thus block a settlement.

In making this answer I assume, without positively knowing, that the policy referred to contains a provision or requirement that in case of assignment, all parties of record, including the insured and beneficiary (if any), must join in any settlement of the policy.

The insurance company concerned is a Wisconsin corporation and it has been held in that State that a life insurance company may by provisions in the contract affix such conditions as it sees fit with respect to the assignment of a policy. See *McQuillan v. Mut. Reserve Fund Life Assoc.*, 112 Wis. 665, holding that there can be no question but that an insurance company may, by contract, place such restraints upon the assignment of its insurance policies as it sees fit, not inconsistent with its own laws or some statute, citing *Niblack Ben. Soc.*, Sections 168, 169. And, as a rule, in the absence of such notice to or consent of the company as is required by the policy, the assignment is of no validity as against the company, unless the requirement has been waived by the company. *Moise v. Mut. Reserve Fund Life Assoc.*, 45 La. Ann. 736, 13 So. 170; *Stevens v. Warren*, 101 Mass. 564; *Newman v. John Hancock Mut. Life Ins. Co.*, 45 Misc. Rep. (N. Y.) 320, 90 N. Y. Suppl. 471.

An assignment of a life insurance policy is governed by the law of the place where the assignment is made. *Conn. Mut. Life Ins. Co. v. Westervelt*, 52 Conn. 586; *Barry v. U. S. Equitable Life Assur. Soc.*, 59 N. Y. 587; *Newcomb v. Mut. Life Ins. Co.*, 13 Fed. Cas. No. 10, 147; *Lee v. Abdy*, 17 2 B. D. 309. Succession of *Miller v. Manhattan Life Ins. Co.*, 110 La. 652, 34 So. 723. But on the question whether or not the policy is assignable, as that involves the contract itself as evidenced by the policy, the law of the place where the contract was made will control. *Milhaus v. Johnson*, 517 Hun (N. Y.) 639; *Mut. Life Ins. Co. v. Terry*, 62 How Pr. (N. Y.) 325; *Bunnell v. Shilling*, 28 Ont. 336. See also *Mut. Benefit Life Ins. Co. v. Wayne County Sav. Bank*, 68 Mich. 116, 35 N. W. 853, holding that the validity of an assignment of an insurance policy issued by a foreign company is to be determined by the laws of the State where made and attempted to be enforced.

The cases in which the question of the validity of the assignment arise are most frequently those in which a married woman is the beneficiary in the policy, and the rule varies in different jurisdictions as to the right of the insured or of the beneficiary to make a valid assignment in such case. In New York the beneficiary may assign with the consent of her husband, but in Wisconsin it has been held that a married woman is under an absolute disability to part with her beneficiary interest by assignment. Her husband or person paying the premium is under a like disability to disturb her rights by assigning the policy or changing the beneficiary therein. *Elison v. Straw*, 116 Wis. 207.

In view of the rule laid down that the insurer may require such conditions precedent to render an assignment of an insurance policy valid as it may

see fit, it seems to be well within the rights of the insurance company to require all parties of record, including the insured and beneficiary, to formally join in any settlement of the policy. The question of the validity or sufficiency of such an assignment is one of law, dependent upon the statute of the jurisdiction where it is sought to enforce the assignment, and it seems only fair and equitable that the insurance company should be allowed to protect itself by some such provision in its policy.

The result would be that, notwithstanding the assignment of the policy to your bank by the insured and beneficiary, you would hold the policy subject to the right of the company to require all parties to join in the settlement.

The above, of course, is on the assumption that such a requirement is contained in the policy itself. If there is no such requirement in the policy and no other provision than the one that no assignment shall be binding on the company until it is filed at the Home Office, you having taken the policy by assignment and complied with this condition, I do not think it is within the power of the company to thereafter, by mere notice to you, impose a condition that it will require all parties to join in any settlement of the policy. You would have an enforceable right to the policy except in so far as, in any particular case, the law made such an assignment by the beneficiary invalid.

POWER OF NATIONAL BANK CASHIER.

Authority to bind bank by independent guaranty of notes transferred, without special resolution of board of directors.

From Washington.—In the absence of a specific resolution of the board of directors, is it your opinion that a cashier of a national bank could guarantee the payment of all notes which are really rediscounted, but which, in order to have the same not shown as rediscounted, are endorsed without recourse, the guarantee being in writing?

The authority of the cashier of a national bank to borrow money for, or rediscount the paper of, his bank without special resolution of the board of directors was at one time doubted in view of the decision of the Supreme Court of the United States in *Western National Bank v. Armstrong*, 152 U. S. 346, in which it was held that the borrowing of money by a bank, though not illegal, is so much out of the course of ordinary and legitimate banking business as to require those making the loan to see to it that the officer or agent acting for the bank had special authority to borrow money.

But more recent decisions have settled the law as stated in *Cherry v. City Nat. Bank*, 144 Fed. 587, affirmed in 208 U. S. 541, wherein the court said: "It is now well settled that the executive officers of national banks may legitimately in the usual course of banking business, and without special authority from their board of directors, rediscount their own discounts or otherwise borrow money for the bank's use. *Auten v. United States National Bank*, 174 U. S. 125, 141; *Aldrich v. Chemical National Bank*, 176 U. S. 618, 627; *First National Bank of Huntington v. Arnold*, 156 Ind. 494. These cases distinguish *Western National Bank v. Armstrong*, 152 U. S. 346, re-

lied upon by the receiver's counsel, and show its inapplicability to the facts of the present case."

The cashier of a national bank may, therefore, rediscount the bank's paper and bind the bank as indorser thereof and the specific question presented is whether the cashier has authority, without special resolution of the board, to bind the bank by an independent blanket guaranty of payment, covering all notes transferred, the notes themselves being indorsed without recourse.

Of course a guaranty by a national bank of the indebtedness of another in which the bank has no interest is beyond its powers, but the present is not such a case. While there is very little authority upon the precise question, a decision of the Supreme Court of Nebraska in *Thomas v. City National Bank of Hastings*, 40 Neb. 501, would indicate that such a guaranty would be binding. In that case A. being indebted to a national bank, indorsed certain notes generally and delivered them to the president who transferred them for value to C., executing in the name of the bank a guaranty of payment. From the proceeds A.'s debt to the bank was cancelled. The court held that the guaranty was within the powers of the bank; that while a national bank may not lend its credit for accommodation, it may guarantee the payment of commercial paper as incidental to the exercise of its power to buy and sell the same.

SAVINGS ACCOUNT HUSBAND IN TRUST FOR WIFE.

Where husband and wife perish in same disaster, no presumption at common law that one survived the other, but survivorship must be proved.—If wife survived husband, her next of kin entitled to deposit, but if husband survived wife or both died simultaneously, deposit goes to husband's next of kin.

From New York.—We have an account in the name of the husband in trust for his wife, which is stamped "Only in case of death of trustee pay to beneficiary named."

Both husband and wife were asphyxiated by gas recently, and were found dead in bed together in the morning. As they left no children, the question arises as to who should get the money; next of kin of the husband or the wife. It is claimed that the husband survived the wife by several hours. While there seems to be plenty of decisions in cases of joint accounts, we do not find any decision in case of a trust account where both the trustee and beneficiary die at practically the same time, and we would be obliged if you would give us your opinion on the subject.

The legal status of an account deposited by a husband in trust for his wife has been fixed, in the State of New York, by the decision of the Court of Appeals in the matter of *Totten*, 179 N. Y. 112, reversing 89 App. Div. 368, wherein the court in an opinion by Vann, J., after an exhaustive review of the New York cases, said:

"After much reflection upon the subject, guided by the principles established by our former decisions, we announce the following as our conclusion: A deposit by one person of his own money, in his own name as trustee for another, standing alone, does not establish an irrevocable trust during the lifetime of the depositor. It is a tentative trust merely, revo-

cable at will, until the depositor dies or completes the gift in his lifetime by some unequivocal act or declaration, such as delivery of the pass-book or notice to the beneficiary. In case the depositor dies before the beneficiary without revocation, or some decisive act or declaration of disaffirmance, the presumption arises that an absolute trust was created as to the balance on hand at the death of the depositor."

This account, then, in the absence of some unequivocal act or declaration by the husband during his lifetime completing the gift, was a tentative trust, revocable at will, and would not become absolute in favor of the wife unless the husband died before her. If the wife died first the tentative trust died with her, and the deposit would go to the next of kin of the husband. See, for example, matter of Duffy, 127 N. Y. App. Div. 74, where an account stood in the name of "Louisa Moran in trust for Mary F. Moran." Mary F. Moran died first. A decree of the surrogate ordering the fund paid to the representatives of Mary F. Moran was reversed, and the court said: "As Mrs. Moran died before the depositor, the tentative trust for her died with her, unless there was some unequivocal act or declaration of the depositor indicating her intention to make that trust absolute and irrevocable."

In the present case, therefore, as already said, if the wife died first, the deposit would go to the next of kin of the husband in the absence of facts additional to the form of the account indicating the husband's intention to create an absolute trust in favor of the wife. This intention would seem to be negated by the fact that the form of account contains these words: "only in case of death of trustee pay to beneficiary named."

The husband and wife, however, dying at practically the same time by the same disaster, the case may be one where there is no positive proof as to which died first, and it will be of interest to inquire what, if any, legal presumptions arise under such circumstances.

The Civil Law indulged in various presumptions as to the survivorship between persons who perished in the same disaster, based upon the age, sex and physical strength of the individuals, and the assumption that the stronger would survive the weaker. *Smith v. Croom*, 7 Fla. 81; *Newell v. Nichols*, 75 N. Y. 78; *Males v. Sovereign Camp W. of W.*, 30 Tex. Civ. App. 184, 70 S. W. 108. And in California and Louisiana such presumptions have been established by statute. *Hollister v. Cordew*, 76 Cal. 649; Cal. Code Civ. Proc., Sec. 1963; *Langley's Succession*, 105 La. 39; La. Civ. Code, arts. 936-939.

By the Roman law if a father and son perished together in the same shipwreck or battle, and the son was under the age of puberty, it was presumed that he died first; but if above that age that he was the survivor, upon the principle that in the former case the elder is generally the more robust, and in the latter the younger. *Cowman v. Rogers*, 73 Md. 403, 21 Atl. 64.

The Code Napoleon had regard to the ages of fifteen and sixty; presuming that of those under the former age the eldest survived; and that of those above the latter age, the youngest survived. If the parties were between those ages, but of different sexes, the male was presumed to have survived; if they were of the same sex the presumption was in favor

of the survivorship of the younger. *Cowman v. Rogers*, ubi supra.

By the Mahometan law of India when relatives perish together it is to be presumed that they all died at the same moment, and such was also the rule of the ancient Danish law. *Ibid*.

At common law, however, where several persons perish in a common disaster notwithstanding differences of age, sex and physical strength, there is no presumption as to survivorship. *Middeke v. Bulder*, 198 Ill. 590; *U. S. Casualty Co. v. Kacer*, 169 Mo. 301; *Stinde v. Goodrich*, 3 Redf. Surr. (N. Y.) 87, but it is a fact to be proved by the party asserting it. *Johnson v. Merithew*, 80 Me. 111; *Fuller v. Linzee*, 135 Mass. 468; *Robinson v. Gallier*, 20 Fed. Cas. No. 11,951, 2 Woods 178. It will not be presumed that one individual survived another, and where there is no evidence as to which died first, the courts will dispose of property rights, as though death occurred at the same time. *Newell v. Nichols*, 75 N. Y. 78; *In re Wilbor*, 20 R. I. 126; *Young Woman's Christian Home v. French*, 187 U. S. 401. See, however, the early cases of *Pell v. Ball*, *Cheves Eq. (S. C.)* 99, and *Moehring v. Mitchell*, 1 Barb. Ch. (N. Y.) 264, which indicate certain presumptions of survivorship from age, sex, etc. These cases, however, are not in accord with the weight of later authority.

Such being the law, the following are the conclusions to be reached:

1. If the husband survived the wife, the deposit would go to the husband's next of kin, in the absence of facts, outside the form of deposit, indicating that he had completed the gift to his wife in his lifetime.

2. If the wife survived the husband, then under the New York decisions the deposit would at once vest in the wife as beneficiary, and hence would go to her next of kin.

3. If both died simultaneously, the question is not so clear, but it would seem, under the decision in the Totten case, that the deposit would go to the husband's next of kin, since that case holds that until the death of the trustee, the trust remains tentative and revocable in the absence of some unequivocal act or declaration making it irrevocable; and at the time of his death the beneficiary has not survived.

STOPPED CHECK.

Efficacy of notice by bank which receives order to stop payment that it will make every effort to protect customer, but will not be responsible in case of payment.

From Alabama—We note that some of the New York banks are using a form, similar to the enclosed, for acknowledging stop payments ordered on check:

Dear Sir:

We are in receipt of your advice of the instant, requesting us to stop payment on your check No. for \$....., dated to the order of

We will make every effort to protect you, but will not hold ourselves responsible in case of payment.

Yours very truly,

Cashier.

I will be very much obliged to you if you will advise if there is any special law in New York enabling the banks to use such a form.

I can best answer your question by referring to the decision rendered by the Appellate Term of the New York Supreme Court some years ago in *Elder v. Franklin Nat. Bank*, 55 N. Y. Supp. 576. This is the only case that I know of in which the efficacy of a notice or agreement that the bank will use due care to execute stop orders, but will not be responsible in case of payment, has been considered or decided.

In that case the bank had paid a check notwithstanding receipt of a previous stop order, through an oversight, as the bank officials testified. The pass-book contained the following clause:

"It is further agreed that the bank shall not be responsible for the execution of an order to stop payment of a check previously drawn; that the bank will endeavor to execute such orders, but that no liability shall be created by the failure so to do, and that no rule, usage or custom shall be construed to create such liability."

The court held that, assuming the depositor to have read the agreement, so as to be bound thereby, its fair import is that the bank should not be liable if in good faith it paid a stopped check, unless it failed properly to fulfill its agreement to endeavor to comply with the depositor's directions, i. e., to exercise ordinary care in that regard. And the record in the present case disclosing evidence enough to support the finding that the bank had been negligent—had not exercised ordinary care—it is not protected by such pass-book agreement, but remains liable to its depositor.

In its discussion the court said: "Undoubtedly in the absence of any agreement the bank was bound to respect the notice which it had received, and for a failure to observe the directions of its depositor in that regard, it would have been clearly liable. The check was a mere order upon the bank to pay from the depositor's account, according to the instructions in that respect contained therein, and was subject to revocation by the drawer at any time before it was paid; and if the bank should pay after notice of such revocation, it would be held to have paid out of its own funds, and could not therefore charge its depositor with the amount, but must bear the loss itself. The agreement in question is therefore one which is in derogation of the common law in such cases, and being framed by the defendant itself for its own benefit, must be strictly construed.

"It will be observed that such agreement does not declare unconditionally that for the failure to observe the stop order the bank shall not be liable, but it invites the assent of its depositors to the engagement by agreeing that it will endeavor to execute such orders. This is a most important qualification, and was doubtless inserted as an assurance to them that the bank would still exercise some care in the matter. Indeed, it can scarcely be credited that any bank could obtain depositors of any account under an agreement that under no circumstances should it be responsible for a failure to observe their directions, with respect to the stoppage of checks. The defendant, it will be observed, did not refuse to receive any such notices; indeed, the evidence in the case shows that it not only recognized the right of its depositors in that regard, but also provided a method of registering such notices or orders, so as

to assure the proper observance of them by the clerks, thus acknowledging the obligation which it has assumed to 'endeavor to execute such orders.'

"Upon the proper construction of the language used in the agreement we are of opinion that its fair import was that the defendant should not be liable if in good faith it paid the check that had been stopped, unless it failed properly to fulfill its agreement to endeavor to comply with the depositor's directions. In other words, the promise to make such endeavor necessarily imported the exercise by the bank of at least ordinary care in so doing. Any other construction than this would not only render the engagement meaningless, but also most injuriously misleading to depositors.

"The agreement, then, is to be construed as if it read as follows (the words inserted by us being italicized):

"It is further agreed that the bank shall not be responsible for the execution of an order to stop payment of a check previously drawn; that the bank will endeavor to execute such orders, but that no liability shall be created by failure so to do *where the bank has exercised ordinary care in that regard*, and that no rule, usage or custom shall be construed to create such liability."

This case, therefore, indicates what the law of New York is upon the subject. A depositor is entitled to stop payment of his check and by notice revoke the authority of the bank to pay. If the bank agrees with the depositor, as in the form you submit, that it will "make every effort to protect you, but will not hold itself responsible in case of payment," the courts nevertheless will not relieve it from responsibility unless the bank has been free from negligence. As said by the court in the *Elder* case, in addition to what I have above quoted, "the courts are not prone to construe instruments in such a way as to support a waiver of liability for negligence." And where a bank has received notice not to pay, and thereafter makes payment, it would probably be difficult for the bank to overcome the presumption of negligence created by the fact of payment.

PAYMENT OF STOPPED CHECK.

Bank liable to depositor for any resultant damage—But if bank could prove payment made to a holder who had enforceable rights against drawer, probably it would escape liability.

From New Jersey—Our depositor drew a check last June to a certain coffee house, and after a week or ten days he called and authorized us with a signed order to stop payment. Through an oversight of our teller the check was paid in October, after payment was stopped.

Are we legally liable for the amount of this check, or is it simply a matter of courtesy which a bank extends to its depositors when it consents to stop payment? Your opinion will be gratefully received, and very much appreciated.

A customer of a bank, except in the few States where a check is an assignment, has the legal right to stop payment of his check, and if the bank pays inadvertently, after receipt of such stop order, it will be liable to its depositor for any resultant damage. If the bank could show that the check, when paid, was

in the hands of a bona fide holder who, if payment had been refused, might compel the drawer to pay it in an action against him, then probably there would be no damage for which the bank would be liable. But if, for example, the check had been issued because of a fraud practiced upon the drawer and had not been negotiated to a bona fide holder, it would be a case where the drawer would not be liable on the check, and if the bank paid it, notwithstanding his stop order, it would then be liable to him.

Some banks attempt to limit their liability in case of inadvertent payment of stopped checks by printing a notice that they will endeavor to execute stop orders, but will not be responsible if payment is inadvertently made in disregard of the order. It is doubtful, however, if such notices have much efficacy. I have recently considered the effect of such notices. (See preceding opinion.)

FORGED INDORSEMENT.

Indorsement of draft payable to "G. Smith" by person of the same name, but not the real payee is a forgery, and the purchaser of draft is not protected.

From Louisiana—The Jno. Jones Co., Chicago, forwarded Grant Smith, this town, their draft for \$4 on themselves. This draft was made payable to "G. Smith." There are several "G. Smiths" in this neighborhood—for instance, a Grant Smith, two Geo. Smiths, a Gus Smith, etc. We cashed this draft for one of the above parties, but whether to George, Gus or Grant we do not recall.

Grant Smith, the rightful owner of the draft, later wrote the Jno. Jones Co. that he did not receive the money, and that the indorsement was a forgery; the Jno. Jones Co. now comes to us with a demand for the \$4.

Please advise us if we are responsible in the premises. All the Smiths above referred to are negroes, and have no dealings with this bank; we are therefore not familiar with either of their signatures; we know them by sight only.

The general rule is that the indorsement of a draft by a person of the same name, but not the real payee intended by the drawer, is a forgery, and a bank which cashes the draft upon such an indorsement derives no title. *Cochran v. Atchison*, 27 Kan. 728; *Rossi v. Nat. Bank of Commerce*, 71 Mo. App. 570; *Graves v. American Exchange Bank*, 17 N. Y. 205; *Beattie v. Nat. Bank of Illinois*, 174 Ill. 571.

Where the drawer of such a draft is guilty of negligence in placing it in the hands of the person who bears the same name as the payee, there is a decision in Ohio that as between the drawer and the drawee bank which pays the draft to the wrong person, the drawer is responsible. *Weisberger v. Barberton Savings Bank Co.*, 95 N. E. 379; but it is doubtful whether this responsibility, because of negligence, would be held to apply in favor of a purchaser of the draft as distinguished from the paying drawee. Your letter, furthermore, does not indicate that the drawer of the draft in making it payable and sending it to "G. Smith" of your place was guilty of any negligence.

The conclusion to be reached, therefore, is that unless your bank can prove that the G. Smith for whom you cashed the draft, and who indorsed it, was the real payee intended by the drawer, you would

be held to have taken no title thereto, and having collected the draft from the drawee would be responsible and obliged to return the money.

Where a draft is payable to bearer, the purchaser of the instrument in good faith from any bearer takes good title and equally, a rule of law would seem reasonable that where a draft is made payable to "G. Smith," the bona fide purchaser from any G. Smith should be protected; but the courts do not so hold, but adhere to the rule first above stated that the indorsement of a person of the same name, but not the real payee, is a forgery.

CREDIT OF OVERDRAFT AS DEPOSIT.

In New York, early rule that credit in a depositor's pass-book of an overdraft of another depositor is final and irrevocable has not been overturned.

From New York—In *Oddie v. National City Bank*, 45 N. Y. 735, the court held that where the check of one depositor is deposited by another, and the teller gives him credit therefor, such credit cannot be revoked upon finding the check was not good.

This decision is directly contrary to holdings in other States, and to anyone familiar with common banking practice looks like an unfair one. Will you please state (1) if the courts of this State are holding fast to this decision, and (2) if it would be possible for a bank to protect itself by some sort of contract or agreement printed in its pass-book or on its deposit tickets or both to the effect that all checks received on deposit are credited subject to final payment?

The rule established in *Oddie v. Nat. City Bank*, 45 N. Y. 735, that a credit in a depositor's pass-book of an overdraft of another depositor is final and irrevocable has not been overturned in New York. The decisions in other States conflict. For example, the same rule has been held in *Alabama, City Nat. Bank v. Burns*, 68 Ala. 267; and in *Bryan v. Bank*, 205 Pa. 7, a credit to a depositor was held final and irrevocable where, at the time of deposit, the drawer had an apparent credit which was subsequently found to be worthless.

On the other hand, in California, it has been held that "when a check on the same bank is presented by a depositor with his pass-book to the receiving teller, and he merely receives the check and notes it in the pass-book, nothing more being said or done, this does not of itself raise the presumption that the check was received as cash or otherwise than for collection." *National Gold Bank v. McDonald*, 51 Cal. 64. And in a later case in the same State, *Ocean Park Bank v. Rogers*, 92 Pac. 879, it was held that where the customer of a bank hands the receiving teller a check drawn by another person upon the same bank and at the same time hands him her pass-book, and the teller receives the check, stamps it "paid," indorses a credit of the amount in the pass-book, and the check is entered to the credit of the depositor, the bank nevertheless has until the close of the day to determine whether the deposited check is good, and may then charge it back if found to be an overdraft. See also *James River Nat. Bank v. Weber*, 124 N. W. (N. D.) 952. In a recent decision in Missouri, also (*Pollack v. National Bank of Commerce*,

151 S. W. 774) if there is a custom among banks to take a reasonable time to investigate and charge back deposited checks found not good, and the depositor knows of such custom, he is bound, as also where he expressly agrees to that effect.

The rule of the California cases is the more equitable one, but it cannot be said to be the law in New York; therefore it would be advisable to print on the deposit slip, and probably also on the pass-book, as you suggest, a properly worded clause giving the bank the right to charge back a wrongly credited overdraft on itself at any time before the close of business on the same day.

MARRIED WOMAN'S NOTE.

In New Jersey, married woman cannot bind herself upon note executed for accommodation of an other unless she or her separate estate derives a benefit therefrom—But married woman can make note for loan to herself, although intending to turn the money over to husband.

From New Jersey—This bank places the restriction on loaning by note in that it accepts only double, or at least not single, named paper; but often a demand is made by man and wife for a loan so as not to go outside of the family for an indorser. In such cases we are unsettled as to which is the safest form to accept and therefore would appreciate your legal opinion and advice on the same. Enclosed herewith you will find a number of sample forms.

Forms enclosed are:

1. Note signed by husband and wife to order of bank.
2. Note signed by wife to order of bank indorsed by husband.
3. Note signed by husband to order of bank indorsed by wife.
4. Note signed by husband to order of wife indorsed by wife.
5. Note signed by wife to order of husband indorsed by husband.

We would be pleased to have you instruct us as to the best or safest form to accept or adopt. Any other information you may be able to furnish us in this particular will be greatly appreciated, as we have long been unsettled and in much doubt concerning this matter.

The following statute and decisions in New Jersey indicate the restrictions upon the ability of a married woman to bind herself upon negotiable paper or other contracts in that State:

The New Jersey statute is as follows: "Contracts of Married Woman; Exceptions.—That any married woman shall, after the passing of this Act, have the right to bind herself by contract with any person in the same manner and to the same extent as though she were unmarried, which contracts shall be legal and obligatory, and may be enforced at law or in equity, by or against such married woman, in her own name, apart from her husband; provided, that nothing herein shall enable such married woman to become an accommodation indorser, guarantor or surety, nor shall she be liable on any promise to pay the debt, or answer for the default or liability of any other person; provided further, however, that if on the faith of any indorsement, contract of guaranty or suretyship, promise to pay the debt, or answer for the default or liability of any other person, any mar-

ried woman obtains, directly or indirectly any money, property or other thing of value, for her own use, or for the use, benefit or advantage of her separate estate, she shall be liable thereon, as though she were unmarried, anything herein contained to the contrary notwithstanding." (Comp. St. N. J. (1910), Sec. 5, p. 3226.)

In *Vankirk v. Skillman*, 34 N. J. L. 109, it was held that a married woman, although possessed of a separate estate, cannot make herself liable to a suit at law by executing a promissory note as surety; and that the statute which authorizes a suit against husband and wife when a debt remains unsatisfied by reason of the business transacted by the wife, applies to cases only where the wife is beneficially interested, the consideration moving to her.

In *People's National Bank v. Schepflin*, 73 N. J. L. 29, it was held that a married woman cannot be held upon a promissory note which she signs as maker for the accommodation of another; that the form of suretyship is immaterial. It was further held that as between the immediate parties to a promissory note, it may be shown that the maker signed for the accommodation of the payee.

Where, however, a married woman executed a joint and several note with her husband, stating therein that the money was to be a charge on her separate estate, and it appeared that the money was to be applied to the payment of a mortgage given by the husband and wife on the lands of the husband, it was held that the feme was bound, as she derived a benefit from the transaction, in relieving the lands in which she had a dower right from the encumbrance. *Perkins v. Elliott*, 23 N. J. Eq. 526, revers. 22 N. J. Eq. 127. See also *Vliet v. Eastburn*, 64 N. J. L. 627, to the same effect.

The above decisions indicate that whatever the form of contract, if it is signed by a married woman for accommodation of another and she or her separate estate derives no advantage therefrom, the married woman cannot be held. But it has been held that a married woman can make a note for a loan to herself, although intending to turn the money over to her husband. *Todd v. Bailey*, 58 N. J. Law, 10.

Of the different forms of note submitted, therefore, I should say the one executed by the married woman as sole maker, payable to the bank and indorsed by her husband, would be the safest and most acceptable and that the proceeds should be paid by the bank to the wife.

BANK'S LIEN ON STOCK.

By statute in Arkansas, bank has lien on stock and dividends of its stockholder for indebtedness to bank, superior to claim of transferee.

From Arkansas—One of the stockholders in this bank died in 1911, and at time of his death he owed us on overdraft. We filed our claim with Probate Court, and his administrator promised to pay us from collection of insurance, but did not. In December, 1911, we paid our regular dividend and placed the same to the credit of our stockholders, and so advised them separately, as usual; then in April, 1912, following, we paid a dividend, and this was placed as before to the credit of each stockholder and notice given.

Then it came to our notice that another party held the stock of our deceased stockholder, and he presented the stock for transfer, and also demanded the dividends which we had paid and placed to the credit of said deceased stockholder. The certificate was properly endorsed, and the dividends so paid had fully satisfied the account; and so we transferred the certificate.

Later we paid the administrator the balance due the deceased stockholder, after having paid the amount of the overdraft.

Were we within the law, and can the party to whom this stock was afterwards transferred collect the amount of the dividends so paid? In other words, have we a lien on bank stock issued by this bank?

The Arkansas statute on corporations provides as follows as to all corporations organized and established under the provisions of that chapter:

"The stock of every such corporation shall be deemed personal property, and be transferred only on the books of such corporation in such form as the directors shall prescribe; and such corporation shall at all times have a lien upon all the stock or property of its members invested therein for all debts due from them to such corporation." Dig. Ark. Stat. (1904), Chap. 31, Sec. 853 (Mansf. Dig. 1884, Chap. 29, Sec. 975).

It was held in *Oliphant v. Bank of Commerce*, 60 Ark. 198, that under Mansf. Dig. sec. 975, giving a corporation a lien on the stock of a member for a debt due by him to it, one who purchases stock in a corporation at execution sale takes subject to an existing lien in favor of the corporation for a debt due by the member.

See also *McIlroy Banking Co. v. Dickson*, 66 Ark. 327, 331, where the court said: "The statute gives the bank a lien on all stock of a debtor to the bank for the amount of his indebtedness; and not only so,

but specifically provides for the enforcement of this lien. Sections 1342, 1352, 1353 and 1354 of Sandels & Hill's Digest. And the law is even stronger in favor of the bank when we take into consideration the fact that the stockholder really has no power to control or dispose of his stock while so indebted, except by the consent of the bank; for no transfer of stock is available except it be made on the books of the bank. This being the case, there was no necessity for an authentication of the claim, in order to subject this stock to the payment of the debt pro tanto for the bank, in effect, had the possession of the stock."

In *Springfield Wagon Co. v. Bank of Batesville*, 68 Ark. 234, it was held that under Sand. & H. Dig., Sec. 1342, providing that a corporation "shall at all times have a lien upon all stock or property of its members invested therein for all debts due from them to such corporation," the lien which a corporation has on the stock of a member for debts due will not be displaced by the subsequent levy of an execution on such member's stock.

It seems clear under the Arkansas statute and the decisions above cited that your bank, having a subsisting claim against the deceased stockholder at the time of the transfer of his stock, by reason of his overdraft, had a lien upon his stock and dividends to the amount of such overdraft, and was entitled to reimburse itself out of such stock and dividends. However, it would seem that in view of the due notice of transfer of the stock given to the bank by the transferee it would be liable to him for any surplus of dividends over and above the decedent's indebtedness to the bank, and that the transferee could recover from the bank the balance of dividends paid over to the decedent's administrator.

VOLUME 4 OF THE JOURNAL-BULLETIN.

VOLUME 4 of the JOURNAL-BULLETIN is composed of the twelve numbers commencing with July, 1911, and ending with June, 1912, together with a general index compiled in alphabetical order under various headings, so that it makes a useful book for ready reference. Several copies of this volume have been handsomely bound in three-quarter leather to match previous volumes. Anyone desiring such bound copies can obtain same at cost (\$2.50) by advising this office. We have also on hand a few copies of Volumes 1, 2 and 3.

Those who desire to preserve the JOURNAL-BULLETIN in bound form, and are in need of any numbers to complete Volume 4, can be supplied from our surplus files until our supply is exhausted.

PROCEEDINGS FOR SALE.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume one contains the proceedings from 1896 to 1903 inclusive, and volume two the proceedings from 1904 to 1908 inclusive. These two volumes contain many important reports, addresses and discussions on matters of great interest to Trust Company officers and their employees. It is confidently believed that in no other books could so wide a range of Trust Company information be obtained. A great many copies have been sold, but in order to make room for other matter the remaining volumes, as long as they last, will be sold at fifty cents each, postage to be paid by the purchaser. Orders should be sent to the Secretary, who will forward the books promptly.

"TRUST COMPANY FORMS."

THE selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11 x 14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 5 Nassau street, New York, who will forward book prepaid at once.

THE Association has on hand a limited number of its publications in excess of its requirements and will be pleased to mail any of these documents, free of charge, to such of its members as may desire them. These requests will be filled in the order of application, until the exhaustion of the supply.

Many of the books are bound in three-quarter leather and contain valuable addresses and reports.

The Annual Proceedings of the following Sections may be secured: Trust Company Section, years, 1900, 1903 and 1908; Savings Bank Section, years 1904, 1907, 1908 and 1909.



PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

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CALIFORNIA, SAN FRANCISCO.—First National Bank Building.
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FRANCE, PARIS.—Calchas & Debisschop, 15-17 Rue Auber.

THE following is a report for the month of February, 1913, pertaining to the work of the Protective Department:

The operations of George W. Harris, who is said to be obtaining money by false pretenses in various sections of the country, are reported as a warning to members of the Association to be on guard against the fraudulent work of this man. Harris represents himself as vice-president of "The Silmunite Co.," of Rushville, Illinois, and has had some checks lithographed on green safety paper, the name of the "Company" being printed prominently at the top of the check and over the signature line. The checks are drawn on a membership bank at Rushville where the company never had an account. The Silmunite Co. is a duly authorized corporation, but practically without assets. The president and secretary of the organization resigned owing to the operations of Harris, who is an old offender in connection with irregularities of this kind. He has been arrested for forgery but escaped conviction on a plea of insanity. He is described as being about 30 years of age, 5 feet 9 or 10 inches in height, weight about 170 pounds, light complexion and a smooth talker.

A specimen of his handwriting is shown below.

Geo W. Harris

WARNING.

Banks are warned to be on the lookout for promissory notes purporting to bear the signature of John A. Veness, a wealthy lumberman of Winlock, Washington. Notes that have been offered of this description have been pronounced forgeries. Thus far no attempt has been made to defraud any bank in this connection, the operator confining his attention to private individuals, but the paper is of a character acceptable to many banks. Following is a specimen of the handwriting found on the notes shown our detective agents:

John A Veness

The Chief of the Bureau of Navigation, Navy Department, Washington, D. C., has notified our detective agents that a man in the uniform of an enlisted man in the Navy, who generally wears a cap with the

ribbon of the U. S. S. Ohio, has been securing payments on fraudulent drafts for \$10 and \$20, in various towns in Pennsylvania, New York and Indiana.

This man invariably makes the draft on "U. S. Paymaster Robert Cook, U. S. S. Hancock," in favor of Charles E. Thurslow, Chief Machinist, U. S. Navy, or in favor of Charles E. Huslow. The drafts have on their face the impression of a rubber stamp as follows: "U. S. Treasury Department, Washington, D. C." There is no paymaster named Robert Cook nor chief machinist named Thurslow or Huslow in the Navy.

Ellsworth C. Tabler, alias Dr. L. J. Tabler, recently attempted to swindle two Minneapolis member banks by means of forged drafts drawn on a bank member at Anderson, California. Tabler is about 30 years of age, 5 feet 11 inches in height, smooth face, fairly well dressed but has a dissipated appearance.

James Hyatt is being sought by our detective agents to answer for several forged checks which he succeeded in cashing through which a membership bank at Covina, California, were losers. Hyatt was employed as a ranch hand near Covina and is said to have forged the name of his former employer. He is described as being 30 years of age, height 5 feet 8 inches, weight 150 pounds, stocky build, dark complexion, black hair, slightly streaked with gray, black eyes set deep in head, face smooth shaven and full. He is a slow talker, has a very deep voice and is a neat dresser.

A bank member at Willits, California, reports that J. Laremar, a railroad laborer, cashed a check during the early part of February, 1913, drawn by the Utah Construction Company, which had been raised considerably from the original amount. The man who made the alteration trimmed the protectograph perforation from the end of the check. The matter is now being investigated by our detective agents on behalf of the California Bankers' Association and this Association.

A man by the name of Leaby is reported by a membership bank at Bridgeport, Connecticut, as having cashed a forged check at a local hotel in that city. He is said to be working in that neighborhood as a private detective procuring evidence in divorce cases in company with another man engaged in the same or a similar line of business.

Leaby is described as being about 5 feet 9 inches in height, weighing about 150 to 160 pounds, black hair, black eyes, clear complexion, smooth face, nice teeth, a slight hook on nose but good looking; talks with a smiling expression most of the time. When in

Bridgeport he wore a brown overcoat and black derby hat.

A Chicago, Illinois, bank member has reported a forgery by one Herman Beyer, who signed the name of his employer to a check which he had stolen from the office. Byer is described as being 27 years old, 5 feet 11 inches in height, 175 to 180 pounds in weight, dark brown hair, fair complexion, smooth shaven, bluish-gray eyes, upper tooth in front missing, wears a blue serge suit, black derby hat and is a neat dresser. He has served two terms in the Chicago House of Correction.

A member bank of Chicago reports the forgery of a check which was drawn in favor of F. Leitz, the signature of a depositor being used. Our detective representatives are confident that they know who the guilty party is in this matter and his arrest is anticipated.

A member bank of Chicago reports the forgery of two checks by a person employing the name of Jack Welch, who made the checks payable to himself, forging the name of his employer. These checks were stolen from the check book of the company and he represented they were his week's pay. A number of other checks for like amounts have been cashed by merchants and saloon keepers in the city.

A bogus check operator using the name of Harry W. Guirl is again operating with checks drawn on a Chicago bank member which he succeeded in having cashed in Indianapolis and other Indiana cities.

About a year ago he was arrested in Chicago and returned to Indianapolis, where he was sentenced to an indeterminate term of two to fourteen years. November, 1912, sentence was suspended and he immediately resumed his old operations.

Guirl's description is as follows: Age, 22 years; height, 5 feet 4½ inches; weight, 140 pounds; hair, brown; complexion, fair; smooth shaven, good dresser, drinks, cigarette fiend.

A party calling himself Arthur K. Johnson, whose fraudulent operations against merchants have been previously reported in this JOURNAL, is reported to be still operating but has changed the scene of his activities. He is now using the name of Edw. B. Johnson and he was last heard of in Clarinda, Iowa, working the same game as in Texas. See JOURNALS May, 1912, page 695, and February, 1913, page 531.

A man using the name of C. N. Gustavus, during the latter part of January, this year, gave some worthless checks to various merchants in Florence, Kansas. The checks were drawn on the "San Antonio State Bank," but there is no such institution. This man will probably be heard of again in the near future. He is described as being 23 years of age, 165 pounds in weight, smooth shaven, with light hair and blue eyes.

A non-member bank at Garland, Kansas, was recently swindled by a man named C. A. Beck. This man forged the name of his sister, Miss A. A. Beck, to notes and also mortgaged property he did not own. Members should be on the lookout for this man as he has left that part of the country and may show up in the near future. He is a farmer and will probably be found following that occupation.

Beck is described as being 28 years of age, 5 feet 10 inches in height, 165 pounds weight, light brown hair and blue-gray eyes.

A man named H. E. Estes went to a bank member at Kansas City, Kansas, February 12, 1913, and endeavored to cash a check drawn on a membership bank at White City, Kansas. The man was asked to return later for his money, and in the meantime the bank at White City was communicated with. That bank reported that they had been defrauded by this same man and requested that he be arrested. Our

detective agents were notified but Estes did not return. The sheriff at Council Grove, Kansas, holds a warrant for his arrest. He is described as being 43 years of age, 5 feet 7½ inches in height, 150 pounds weight, dark complexion, dark hair and eyes, smooth shaven, prominent nose that turns slightly to one side, and bald on top of his head.

A man entered a non-membership bank at Moline, Kansas, and asked permission to wire his bank at Wichita, for a small amount. This permission was granted him, and in a short time, upon receiving a favorable reply, the money was paid to the man. He said his name was L. E. Smiley, but it later developed that this was a falsehood and that his correct name was Ben Blanton, who, while working in Wichita, learned that Mr. Smiley carried a deposit there.

Blanton's description is as follows: Age, 47 years; height, 5 feet 11 inches; weight, 165 pounds; slender build, light complexion, dark hair, blue eyes; an American and a laborer by occupation.

Membership banks should be on the lookout for this man. A warrant has been issued and is in the hands of the Sheriff at Hanane, Kansas.

A membership bank at Ottawa, Kansas, has reported the receipt of several forged checks drawn by a man using the name of Charles B. Morton, who claims to be a nurseryman. Member banks should be on the lookout for this man as he is evidently a smooth crook. While we have not learned as yet of his defrauding any bank member he is likely to attempt to do so in the near future. He is described as follows: Age, 22 years; height, 5 feet 7 inches; weight, 150 pounds; light hair and light complexion.

A man using the name of C. J. Gustafson endeavored to negotiate a draft at Louisville, Kentucky, membership bank on October 21, 1912. The draft was drawn on a bank member of Aberdeen, South Dakota, and came back marked "forgery." After leaving the draft at the bank for collection the man never returned.

Harold Walton is being sought by our detective agents on complaint of a bank member at New Orleans, Louisiana, where he cashed a draft on a firm of publishers in New York City, which was returned unpaid. Walton was employed by an agent of the New York firm but had no authority to draw on the principals.

Walton is described as follows: Age, 40 years, height 5 feet 5 inches; weight, 190 pounds; round, full flabby face; wears dark suit and overcoat and black derby hat.

A specimen of his handwriting is shown below.

Harold Walton

A bank member at Allegan, Michigan, reports that a man using the name of Leon S. Hall is drawing checks on their bank signed William P. Hall. The bank has no account under this name and the man is unknown to them. Recently a check was brought to the bank which had been found on the street in Detroit, Michigan. Previously a number of these checks were cashed in Chicago.

A bank member at Detroit, Michigan, reported on February 14, 1913, that a party using the name of Charles H. Mumford had forged the signature of one of their depositors to a check. The forgery was well executed and it is evident he was familiar with the depositor's signature and method of making out checks. He is described as 25 years of age, 5 feet 8 or 9 inches in height, 140 pounds weight, slender build, dark hair and dark complexion, eyes not noted, smooth shaven, with Roman nose. He wore a gray overcoat, black suit and black derby hat; is said to be a good talker and apparently well educated.

A party using the name of H. Person recently drew a check on a member bank at Iron Mountain, Michigan, using the name of a well-known contractor and forging the name of the President of the firm to this check. He also forged the name of the bank cashier to the certification on the check.

He succeeded in defrauding an automobile dealer in Chicago, where he presented the certified check in payment for a \$600 automobile, which he ordered shipped to him at Iron Mountain, Michigan. The automobile dealer gave his check to the stranger, which was cashed by a member bank in Chicago.

This operator is described as follows: Age, 37 to 40 years; height, 5 feet 6 or 7 inches; weight, 140 pounds; rather slender build; fair, ruddy complexion, silvery gray hair, cut short; blue eyes, smooth shaven, good talker and neat dresser.

A Preston, Minnesota, membership bank has sworn out a warrant for one E. W. Schultz, who in February, 1912, forged the endorsement of a check made payable to the Rhonberg Brothers Co., wholesale liquor dealers, Dubuque, Iowa, by whom he was employed. Schultz weighs 180 pounds, is 6 feet in height, has blue eyes and light hair, pale complexion and plays the piano well.

A membership bank of Hattiesburg, Mississippi, recently reported a loss on a forged check drawn on another member bank at Richton, Mississippi. This check had been handed a customer of the member in payment for goods purchased, the same being made payable to one J. W. Smith and signed by a large lumber company, per C. H. Smith. This check was paid at the bank upon being presented by the bank's customer to whom it was given.

Our detective agents were notified and promptly took the matter up and located a party at Crystal Springs, Mississippi, who had been formerly employed by the lumber company and did not bear a good reputation in money matters, having, in fact, recently passed a bogus check at that point. Our detective agents requested identification from the member involved, which was forwarded, but was not, however, complete enough to warrant an arrest.

All members of the Association are hereby warned against accepting checks made payable to a party calling himself T. W. Burke, who claims to be an agent for the Pacific, Gulf Coast Life and Industrial Insurance Company. Burke is traveling with his wife and two children. This party has not as yet operated directly against a member bank but has recently been passing worthless checks on merchants of Vicksburg and Meridian, Mississippi. His description is as follows: Age, 35 to 40 years; height, 5 feet 9 inches; weight, 130 to 135 pounds; build, slender; complexion, florid; eyes, blue or gray; hair, brown; style of beard, stubby, close cropped mustache; peculiarities, nervous, quick talker; dress, tight-fitting suit; appearance, neat; nativity, American.

A specimen of Burke's handwriting is shown below.

T. W. Burke

A woman claiming to be Annie Hadden called on a member bank in Kansas City, Missouri, January 25, 1913, and gave a check for deposit, stating that she was going to withdraw her account from some other bank and desired to open an account with this one. On January 27th the woman telephoned and wanted to know if her check had gone through. She was advised that it had and immediately drew a check against it, which was paid. The bank did not discover until after she had the money that the first check she had given them had been returned pronounced a forgery.

This woman is described as follows: Age, 35

years; height, 5 feet 7 inches; weight, 133 pounds; fair complexion; light brown hair; blue eyes, and wears nose glasses. A warrant has been issued for her arrest.

Members are warned against the operations of a swindler using the names Frank Barnell, Frank Parnell and Frank Barenell. A member bank at Hamilton, Montana, reports that on February 5, 1913, they received a telegram dated Minneapolis, Minnesota, reading as follows: "Wire me immediately five hundred dollars." Signed, "Frank Barnell." On February 22d, the same bank received another telegram from Cleveland, Ohio, reading: "Wire me at once five hundred, care Western Union." Signed "Frank Barnell." On February 24th, the bank received a third telegram, dated Cleveland, which read: "Wire me one thousand dollars through First National Bank here." Signed "Frank Barenell." The bank advises that no one of the names signed to the telegrams has any account with them nor do they know of any one of the names mentioned.



GEORGE EINSFELD.

George Einsfeld, whose photograph is reproduced above, is wanted in Brooklyn, New York, on charges of defrauding a bank member and individuals by means of forged checks.

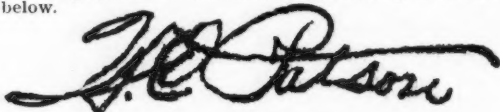
Einsfeld is described as being 30 to 35 years of age, 5 feet 6 inches in height, and weighing 145 pounds. Has medium brown hair, large dark eyes, flushed face and smooth shaven. Dresses neatly and is a collector by occupation. May seek employment with some brewery.

Frank C. San Elmo Fuentes, alias Frank C. St. Elmo, is wanted on complaint of a New York City bank member from which he succeeded in securing cash for a check to which he had forged his employer's signature. He is described as being a Cuban of Spanish descent, 21 years of age, 5 feet 5 inches in height, 140 pounds in weight, sallow complexion, very dark brown hair worn in stiff high pompadour style, dark brown eyes and heavy dark eyebrows, smooth shaven, rather large features, good regular teeth, speaks with a decided Spanish accent, cigarette smoker, presents a fairly neat appearance.

A young man who said he was H. C. Patson called at the office of a bank member in New York City on January 30, 1913, and told such a plausible story that he succeeded in getting the banker to cash his draft on one of the bank's customers in Billings, Montana, for a small amount. He claimed to be a nephew of the Billings man and said he had left his wife ill at the railroad station and in addition had lost all his money and papers, which were in a wallet, on a train between Philadelphia and New York. The draft was returned with the information

that the drawee had no such nephew and did not know H. C. Patson. He is described as being about 25 years old, about 5 feet 10 inches in height, solidly built, weighing about 200 pounds, light thick hair, fair complexion, light blue eyes, well dressed, and an easy talker.

A specimen of this man's handwriting is shown below.



A professional strong man named Oreste Torri is being sought by our detective agents on complaint of a bank member in New York City which he defrauded by means of a check to which he had forged the name of his former employers. Local merchants also suffered through his operations.

Torri's description is as follows: Age, 30 years; height, 5 feet 8½ inches; weight, 165 pounds; complexion, medium dark; smooth shaven, hair medium brown. He has a small tattoo mark on one or both cheek bones and is slightly cross-eyed. He is said to have been born in Carrara, Italy, and has been in this country about six years. He is a neat dresser and speaks fairly good English.

A swindler using the name of Jack Klein succeeded in defrauding a leading hotel in Cleveland, Ohio, on January 23, 1913, by means of a bogus check issued on a bank member of Cleveland. Klein opened a savings account for \$1 and afterwards changed the pass-book entry to \$91. He also endeavored to have the bank credit him with amounts of pass-books in his possession showing deposits of \$219 on membership banks in Chicago and Milwaukee. Being unsuccessful, he afterwards secured \$20 on bogus checks. So far as we know he did not defraud a membership bank. Jack Klein is described as follows: Age, 22 to 24 years; height, 5 feet 4 or 5 inches; weight, 140 to 150 pounds; complexion, dark; build, medium; eyes, blue; hair, dark; smooth face; square shoulders; vaudeville performer; Jewish in appearance.

A non-member bank at Avant, Oklahoma, has been swindled by two men named Dr. H. Schilder and Bert Schilder, who mortgaged some horses to secure a loan and then took them out of the State. The men are connected with a dog and pony show and bank members should be on their guard if a show of this description visits their vicinity. A description of the men has not been furnished but it is reported that they are in Louisiana at the present time with their show.

Members are warned against cashing a cashier's check bearing number 3335, issued by the Bank of Cornish, Oklahoma, for the amount of \$100 in favor of J. H. Johnson. The cashier's check was issued on a forged check. The party to whom it was issued is now in jail, and there is a possibility that a confederate may attempt to cash it.

A bank member at Pauls Valley, Oklahoma, was victimized January 22, 1913, by a man named Ed Gray, who worked for a farmer in that vicinity and forged the name of his former employer to two checks. Gray is reported to be 23 years of age, 5 feet 3 inches in height, 150 pounds weight, heavy build, slightly gray hair and talks with an Irish accent.

A membership bank at Yoncella, Oregon, has reported a loss through the forged signature of one of their customers. Charles Cottrell, a former employee of the depositor whose signature was forged, is charged with the crime. He is described as being about 50 years of age, 5 feet 6 or 7 inches in height, 140 to 150 pounds in weight, swarthy complexion, smooth shaven, brown hair mixed with gray, blue or gray eyes, medium build. The Oregon Bankers' Association is co-operating with this Association in an effort to apprehend this forger.

A man using the name of George W. Hopp and George F. Beauford is wanted by a Hudson, South Dakota, bank member for passing a forged check drawn on a Welcome, Minnesota, member bank. He is described as follows: 30 years of age, 5 feet 10 inches in height, weight 165 pounds, wears hair parted in the middle and a wig when dressed up, and also a ring with two imitation diamonds and one ruby; appears to be a user of drugs.

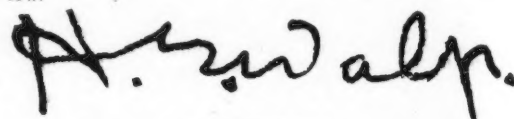


H. S. WALP.

H. S. Walp, an architectural draftsman, who had been working in Raymond, Washington, for a year or more, cashed two forged checks at different membership banks in Raymond on February 1, 1913. The next day another forged check was accepted by a merchant at Seattle, Washington, executed by the same man. The checks purported to have been drawn by E. V. B. Spencer, of San Antonio, Texas, on a bank member of that city.

H. S. Walp is described as follows: Age, 35 years, looks to be about 30 years of age; height, 5 feet 10 inches; weight, 160 pounds; build, medium; hair, black, thick and bushy; complexion, very dark; beard, smooth shaven, extremely heavy growth; eyes, black; appearance, that of a young business man; is a Southerner but looks Jewish; has a pair of glasses but wears them only when at work; dress, black derby hat, gray suit, black suit, long black overcoat, black Oxford shoes, black silk hose, blue silk underwear; carries a pearl-mounted fountain pen, and a new Hamilton watch, works No. 846,865 (not paid for), letter "W" lightly outlined on back.

A specimen of Walp's handwriting is shown below.



After securing three blank check forms from the check book of his employer, John Connelly, alias Jack Connelly, alias Thomas E. Burns, forged his employer's name and succeeded in cashing all three checks, one at a membership bank in Seattle, Washington, on which the checks were drawn, and the other two were taken by local merchants. These transactions took place the middle of January, 1913, and since then our detective agents have been endeavoring to get trace of his present whereabouts. A warrant for his arrest is held by the Sheriff of King County, at Seattle, Washington.

Connelly is described as follows: Age, 26 years; height, 6 feet 2 inches; weight, 185 pounds; build, slender—broad shoulders; hair, dark; complexion, florid; smooth shaven; eyes, not noted; peculiarities, large prominent nose, thick upper lip which has the appearance of being swollen, is very quiet but talks fast when he talks at all, walks straight and moves swiftly; occupation, lively stable helper; dress, corduroy trousers, light gray hat.

A specimen of Connelly's handwriting is shown below.

Thomas & Burns



ALBERT CHARLES UECKE.

A bank member of Hustisford, Wisconsin, reports a swindle by one Albert C. Uecke, who defrauded the bank and a number of people there by forged deeds of trust and other misrepresentations. He is described as follows: Age, 38 years; height, 5 feet 9 inches; weight, 210 pounds; complexion, light; hair, blond; eyes, bluish gray, small, deep set, squinty; smooth face; dimples in chin. Talks with a slight German accent, loud hearty laugh, liberal spender, nervous disposition, suspicious of everyone, most likely to be found dealing in cheap lands. A reward of \$300 has been offered for his apprehension.

GENERAL.

The following arrests and court actions are not included in the statistics as reported, since they do not directly affect members of the Association. Their publication, together with other data, being a precautionary measure:

Frank C. Clarke, who defrauded a San Francisco bank member, and whose arrest was reported on page 255, of the October, 1912, JOURNAL, was found drowned in the Smith's Canal, a tributary of the Stockton Slough, near Stockton, California. Clarke, who was convicted and released on probation, was employed on a dredger in the Slough and was to have worked until he paid back approximately \$1,000 in stolen money. The night he was drowned he violated his probation by going into Stockton. Before leaving the dredger Clarke borrowed \$10 of the cook and it is presumed that he spent the money for liquor and was drowned while trying to get aboard the dredger again. The California Bankers' Association co-operated with this Association in effecting the apprehension and prosecution of this criminal.

John Dermody was arrested by the police at New Orleans, Louisiana, February 7, 1913, for passing bogus checks. Dermody came to the notice of our detective agents in November, 1912, when he put out a number of similar checks for small amounts, but owing to the fact that the checks in question were all passed on friends and acquaintances he was not prosecuted. Recently, however, he renewed his operations and he was taken into custody.

Charles W. Fricks, a young man residing in St. Louis, Missouri, was arrested in that city January 15, 1913, after he had obtained a pair of shoes from a local merchant by means of a forged check drawn on a St. Louis bank member. He has since been formally charged with forgery and his case is still pending.

Upon information furnished by our detective agents, F. Henry, wanted for passing worthless checks drawn on a bank member at Boston, Massachusetts, was placed under arrest in that city on February 15, 1913, and is now being held for a further hearing in connection with his irregular transactions.

Albert Videla Herrera, alias Alberta Videla, was reported to have been deported in the February, 1913, JOURNAL, page 536. We were misinformed, however, and Herrera was brought to trial in New Orleans, Louisiana, January 28, 1913, charged with forgery and uttering as true, but the jury failing to agree, the judge ordered a mistrial. It is not thought he will again be brought to trial, the matter of his deportation now being under advisement by the local authorities. See also JOURNAL, January, 1913, page 458.

Robert James, whose right name is said to be R. J. James, alias E. A. Gould, W. H. Osborne, E. H. Berger, C. T. Webb, H. D. Walker, H. M. Hill, G. B. Stith, E. J. Miles, mentioned on page 455 of the December, 1912, JOURNAL, entered a plea of guilty before Judge Kent Koerner in the Criminal Division of the Circuit Court at St. Louis, Missouri, February 5, 1913, and was sentenced to the Missouri State Penitentiary at Jefferson City for five years.

A young man by the name of L. T. King, who represented himself to be a minister's son, gave a number of bogus checks to merchants at Evanston, Illinois, which resulted in his arrest. It was agreed to let him go free on the Illinois charge and he was returned to Los Angeles to finish a sentence of three years for forgery, he being out on parole at the time he operated in Evanston.

A Shriber MacGill was successful in securing cash for several forged checks drawn on a New York City bank member in February, 1913, but he was quickly apprehended and is now awaiting trial. His victims were all local merchants. MacGill is described as being 25 years of age but considerably older in appearance; height, 5 feet 11 inches; weight, 190 pounds; light complexion, medium light sandy hair, bald on top of head, smooth shaven and blue eyes.



FREDERICK L. DOSCHER.

Frederick L. Doscher, alias Louis Eitz, was arrested at White Plains, New York, February 7, 1913, by the police there for issuing bogus checks which had been accepted by merchants. The checks were for small amounts and drawn on bank members in Brooklyn, N. Y. He was convicted February 15th and sentenced to serve six months in the Kings County Penitentiary.

Doscher is described as follows: Age, 39 years; height, 5 feet 11½ inches; weight, 160 pounds; slender build, brown hair, blue eyes, fair complexion,

smooth shaven, born in Germany and a salesman by occupation. A specimen of his handwriting is shown below.

Doscher is wanted by the authorities of Brooklyn and Bedford, New York. Any member identifying this operator should communicate with the Protective Department of the Association or with the nearest office of our detective agents.

Louis City

George B. McClellan, alias Arthur F. Putnam, who operated against a member bank at Hopkinsville, Kentucky, as reported on page 530 of the February, 1913, JOURNAL, committed suicide at Terre Haute, Indiana, on January 19, 1913.

A man giving the name of Robert J. McCombs, on January 24, 1913, was arrested at Galveston, Texas, by detectives of the Houston, Texas, department, complaint having been filed against him by the managements of two Houston hotels, where McCombs succeeded in obtaining money by means of bogus checks drawn on a membership bank at Beaumont, Texas. He has been bound over to await the action of the grand jury.

An attempt at burglary was made on a non-member bank in Chicago. The burglar had broken a window in the front of the bank. The noise of the breaking glass attracted the attention of a police officer, who arrested the burglar in the bank. He had not sufficient time to secure anything of value. The prisoner gave the name of James McFadden.

A young man giving the name of James F. Mansfield, age 25 years, surrendered to the local police at St. Louis, Missouri, January 23, 1913, saying he was a parole violator of the Mansfield, Ohio, Reformatory, having been sent there from Washington Court House, Ohio, in 1908, charged with forgery. He is to be returned to the Reformatory.

A stranger called at a local lithographing house at Beaumont, Texas, January 22, 1913, and left an order for 400 bills of exchange which were to be lithographed for the First National Bank of Erie, Texas, against the City National Bank of New York City. Through an error on the part of the lithographers the bills of exchange were delivered to a local bank, where the package was opened. The people at the bank, not having ordered any work of this kind, notified the police authorities, which resulted in the arrest of an old offender, C. E. Mitchell, alias W. B. Williams, alias Charles Edwards. When arrested several bills of exchange were found in his possession. There is no such bank in existence as the First National Bank of Erie, Texas, nor is there any City National Bank in New York. Mitchell is held to await the action of the Grand Jury, bail being fixed at \$500.

Abble L. Moulton, of Boston, Massachusetts, whose operations were reported on page 533 of the February, 1913, JOURNAL, was sentenced on January 25, 1913, in Boston, to an additional year at the Women's Prison, Sherborn, Massachusetts, on a charge of forgery. She tendered a forged check at a Boston department store in payment for a coat purchased, securing the difference in the price of the coat and the face of the check in cash.

B. W. Osborn, alias Frank Osborn, alias George Smith, and his partner, R. P. Cressman, were arrested at Alexandria, Louisiana, January 16, 1913,

charged with forgery. At the time of the arrest a number of checks filled in with the names of prominent citizens and business men of Alexandria were found in Osborn's possession. Osborn, who gives his residence as Chicago, pleaded guilty and on January 20th was sentenced to the Louisiana State Penitentiary at Baton Rouge for a period of two years. Cressman was discharged for lack of evidence.

Harry Stone, wanted for forging checks which he gave to private individuals, was arrested on January 14, 1913, at Standish, Michigan, and returned to Saginaw, Michigan, to answer to a charge of forgery.

W. P. B. Wachtel, reported on page 383 of the December, 1912, JOURNAL, was arrested January 28, 1913, at Lake Charles, Louisiana, by the local authorities upon information furnished by our detective agents. Wachtel did not attempt to defraud any member of this Association and after he had made good the checks he had issued was released.

Fred E. Wagner was arrested in St. Louis, Missouri, on February 1, 1913, charged with passing a bogus check on his landlady with whom he had been boarding. He is also wanted for grand larceny and is a United States Army deserter. He is now awaiting trial on the bogus-check charge.

M. D. Walk, alias Albert Walker, who was wanted in Jacksonville, Florida, for passing worthless checks, was arrested in Detroit, Michigan, February 5, 1913.

Our detective agents at San Francisco, California, on January 27, 1913, caused the arrest of Henry V. Walker, who forged the endorsement on a check drawn on a non-member bank at Vancouver, B. C., and attempted to cash it. After his arrest Walker confessed to holding up the real owner of the check and taking it away from him. He has been held for trial on the forgery charge.



CHARLES E. WHEELER
alias
HOWARD E. FARNSWORTH.

A man who said his name was L. A. Gerling was arrested by the authorities at Bennington, Vermont, on February 14, 1913, in connection with a check transaction there. Our detective agents learned of the arrest and an investigation of the man developed the fact that he is the operator known as Howard E. Farnsworth, E. G. Smith, and many aliases, and whose fraudulent transactions have been reported in the JOURNAL from time to time. The check which brought about Gerling's apprehension was one bearing a forged signature which he gave to a merchant

at Hartland, Vermont, and before he could get out of town he was placed under arrest. He decided to plead guilty of this charge, and under the name of Howard Smith was sentenced the following week to the State Prison at Windsor, Vermont, for not less than three, and not more than five, years.

Our detective agents were confident that "Smith" or "Gerling" was the man whose operations against private individuals had been reported frequently. One of their representatives, after his conviction, induced him to make a complete confession, in which he admitted that he had passed forged and worthless checks in every large city and in many smaller places from one end of the country to the other. He said his name was Charles Edward Wheeler, that he was 38 years of age, and that the first check he cashed on which he had forged an endorsement was when he was a mere boy. Most of his criminal operations, however, he contended, were during the past six years.

Wheeler's check transactions were generally in connection with some real estate transaction or in renting a furnished room. His favorite plan was to rent a house, which he paid for with a bad check. He would then proceed to buy supplies "for his new home," including groceries, coal, etc., tendering a forged check in payment and securing the difference of the cost of the goods and the face of the check in cash. He used checks of several different banks and many different aliases, including Howard E. Farnsworth, E. G. Smith, Helden H. Smith, Edward E. Davis, L. A. Gerling, Howard E. Miller, James E. Mason, George Bailey, E. S. Spencer, George Williams, Frank Williams, Frank Smith, H. E. Martin, James Martin, Wilson and twenty or more others he could not remember. So far as known he has never operated against a bank, but his checks have been reported by bank members in many sections where their customers have been victims of this man's criminal operations. See JOURNALS, January, 1910, page 308; July, 1910, page 16; November, 1910, page 310; February, 1911, page 470; April, 1911, page 591; May, 1911, page 683; June, 1911 page 741; June, 1912, page 760.

Wheeler said he had never been associated with anyone in these operations and that all of the checks he put over were in his own handwriting.

Wheeler is described as being 38 years of age; 5 feet 9 inches tall and weighing 160 pounds; build, stout; complexion, medium; eyes, light brown; hair, light brown; smooth shaven, eyes twitch, neat dresser and appearance that of business man.

During the latter part of January, 1913, a man giving his name as J. C. Wheeler, went to a bank member at Odell, Nebraska, with a check given him by a grain man of that town. The check was cashed, and later it developed that Wheeler had represented to the grain man that he had 1,000 bushels of corn to sell. The mythical corn was sold to the grain man, who gave Wheeler the check in part payment. Wheeler immediately left town, but he was apprehended and is now awaiting trial.

L. J. Wickett, alias Thomas L. Emmett, alias Thomas E. Leonard and many other aliases, who was arrested in New Orleans, Louisiana, November 28, 1912, charged with forgery, was sent to the State Penitentiary at San Quentin, California, January 12, 1913, to serve eight years for forgery committed in Riverside, California. See JOURNAL, January, 1913, page 455.

ARRESTED.

A young man using the name of W. L. Alexander, who succeeded in defrauding a member bank of Chicago, Illinois, by stolen and forged Southern Express Company money orders, was apprehended at Philadelphia on February 8, 1913, and will be returned to Chicago for prosecution. JOURNAL, August, 1912, page 111.

On information furnished by the Boston office of our detective agents, George J. Anderson, wanted on three charges of forgery preferred by a membership bank at Boston, was taken into custody at Bangor,

Maine, on January 29, 1913, and returned to Boston. After a preliminary hearing, on February 10, 1913, he entered a plea of not guilty and was held for trial without date.

A membership bank at Talladega, Alabama, reported to our detective agents on February 18, 1913, that an attempt had been made to break into the bank the night before. The clues developed during the investigation all pointed in one direction, and on February 21st the local police were requested to arrest H. C. Baggett, a section gang foreman, as the guilty man. After he was taken into custody and shown the evidence against him, Baggett broke down and confessed. He was also found to be implicated in the burglary of a non-member bank at Talladega.

Glen Belshner and Charles Wilson were arrested during February, 1913, and locked up in the county jail at Bartlesville, Oklahoma, on a charge of being implicated with George Hollingsworth and Homer Richards, alias "Blue," in an attempted burglary of a member bank at Vera, Oklahoma. JOURNAL, November, 1912, page 318.

A man representing himself to be Jerome White, manager of the Parsons Poultry and Egg Company, deposited \$50 in the bank of a member in Kansas City, Missouri, on December 31, 1912. The next day he drew out \$48.50, and deposited a check for a large amount which purported to be signed by a prominent business man in Kansas City, Missouri. On account of this being more than the business man had in the bank at that time, he was communicated with and stated that he gave no such check. On examining his check book, however, he discovered that one of his checks had been stolen. The matter was turned over to our detective agents. They arrested a man named F. Steininger Clark, who proved to be the man making the deposits and the one who stole the check, which was later filled out and presented to the bank for payment.



BENJAMIN W. BROWN.

An apparently well-bred young man of pleasing appearance, on February 8, 1913, arrived in Brandon, Vermont, and registered at the Brandon Inn as Benjamin W. Brown. That day he made a deposit of \$30 at a member bank of that place. He paid a week's board in advance at the Inn giving a check for \$14. Brown easily became acquainted with the best people and gave as his reason for visiting Brandon that he needed a rest.

On February 17, 1913, Brown presented to the bank member a check drawn on a bank member at New Orleans, Louisiana. The cashier was suspicious and would not cash the check, but immediately wired the Louisiana bank and two hours later received a

reply indicating that the check was a forgery. A warrant was at once secured charging Brown with uttering a forged instrument, and his arrest followed. Brown has been held to await the action of the Grand Jury, and in default of furnishing \$2,000 bail was committed to the House of Correction at Rutland, Vermont.

As far as known no bank has suffered through the operations of Brown. Information received by our detective agents is that Brown defrauded individuals in several cities on his way from the South to Brandon.

Brown is described as being 24 years of age, 5 feet 8 inches tall and weighing 130 pounds; has light complexion and is smooth shaven; has pronounced Southern accent, polished manners and is an entertaining conversationalist. A specimen of his handwriting is shown below.

Macon Sebastian

George E. Crane, alias G. E. Carlton, R. K. Brayton, Dr. A. G. Blackburn, Arthur LeRoy Ball, etc., whose operations on page 114, August, 1912, JOURNAL; page 178, September, 1912, JOURNAL, and page 528, February, 1913, JOURNAL, was apprehended by our detective agents at Sacramento, California, on January 21, 1913, and returned to San Francisco for trial.

Crane's wife, known as Mrs. Grace D. Ball, it is alleged, aided Crane in his operations. There is an indictment standing against Crane and his wife at Baltimore, Maryland, where they operated a fake advertising scheme using the names of Arthur LeRoy Ball and Grace D. Ball. The Baltimore police charge that the wife passed a number of fictitious checks drawn by Crane. Mrs. Crane is also wanted for defrauding a Baltimore, Maryland, bank member.

Crane himself is also wanted on a forgery charge at Nashville, Tennessee, where the police hold a warrant for his arrest. The Tennessee Bankers' Association offered a reward of \$50 for his arrest in connection with this transaction. There is also a warrant for his arrest in the hands of the police at Duluth, Minnesota, where he forged a check and defrauded a hotel in that city.

Crane served a term in the Massachusetts Penitentiary in 1910. His wife married him shortly after his release.

E. M. DeAhna, whose photograph is reproduced on page 529, JOURNAL, February, 1913, was arrested by the police of San Antonio, Texas, on February 22, 1913, upon information furnished by our detective agents. He will be returned to Metropolis, Illinois, on charges of defrauding two bank members there.

Albert De Mangelont, wanted in connection with swindle upon a bank member in Akron, Ohio, was arrested at Lewistown, Pennsylvania, February 6, 1913, and returned to Akron, Ohio, for trial. He is now held at the county jail for the April term of court.

A youth named David Dowd presented a check at a membership bank in New York City on January 20, 1913, which the paying teller detected to be a forgery. Dowd said that the check had been handed to him by a friend, Edward C. Muller, who asked him to do him a favor by getting the cash as he (Muller) was not on good terms with the teller. Muller was employed in a local mercantile establishment and said the money was for the firm's payroll. Dowd was also employed and happened to be with his "friend" during lunch hour. Dowd was detained while our detective agents were notified. A representative was immediately sent to the bank, but in the meantime Muller disappeared. During the evening, however, he was apprehended and taken into custody by our detective agents, and Dowd was also held to answer for his part in the transaction.

It later developed that Muller is responsible for another forgery by means of which the same bank was defrauded last summer. He has admitted his

guilt in both matters. At a preliminary hearing on January 24th both Muller and Dowd were held to await the action of the Grand Jury under \$2,000 bail each. Dowd appears to be an innocent victim in the matter.

William A. Ellars, wanted for forgery at several points in the Southwest, was arrested at Graham, Texas, February 11, 1913, by the Sheriff of Young County, Texas. As the Fort Worth authorities have first claim on this operator in Texas, he was returned to that city where he must answer a charge preferred by a bank member there. He also defrauded a membership bank at Ryan, Oklahoma, and a non-member bank at Texhoma, Oklahoma.

On the night of February 13, 1913, an attempt was made by a gang of four yeggs to blow the vault of a bank member at Dahlonega, Georgia. The first explosion, however, brought the officials of the bank and the sheriff, who engaged in a pistol battle with the burglars, and the burglars managed to make their escape. A posse was formed and began an active search for the robbers in the nearby mountain country.

The Atlanta Office of our detective agents was notified by long-distance phone and hurried an investigator to the scene. After making a thorough investigation it was seen that the work was that of professionals. Information was secured by the investigator which caused him to believe the band of robbers were heading for the L. & N. R. R., some thirty-five miles west of Dahlonega, consequently every station along this line where it was deemed probable the yeggs would appear was telephoned to and warned to be on the lookout. Further information was secured by telephone which made it clear the robbers were heading for Ellijay. The sheriff there was promptly warned, and getting ready a posse the yeggs were met, and after another pistol battle were captured by the posse and landed in jail. They gave their names as J. M. Harris, William Flynn, Charles Miller and William Thornton. The burglars were returned to Dahlonega by Sheriff Ray of Lumpkin County, arraigned on February 24th, identified and committed to jail to await trial in default of \$10,000 bail each. It not being regarded as safe to keep the prisoners in the Dahlonega jail, they were sent to the Fulton County jail at Atlanta to await trial April 22d next.

Our detective agents are now actively engaged in an effort to connect these men up with various safe-blowing cases in Tennessee and Georgia.

A bank member at Richmond, Virginia, reported a loss through two forged checks to our detective agents on December 26, 1912. An investigation of the matter indicated that Charles Henifer was the guilty man and he was finally located at Quincy, Massachusetts, where he was arrested on January 16, 1913, on information furnished by our detective agents.

Jacob Hopp, who defrauded a Gladstone, North Dakota, membership bank on December 28, 1912, by means of a raised check, was arrested by the Chicago police department on January 28, 1913, and has since been returned to North Dakota for trial.

At the request of our detective agents, the police at Newark, Ohio, arrested Clarence Johnson, alias C. M. Burke, colored, on February 18, 1913, in connection with a forged check transaction by which he defrauded a bank member at Charleston, West Virginia. Johnson, using the name of C. M. Burke, secured cash for a check on which he forged the name of his employer, one of the bank's customers.

Recently a member bank of Chicago, Illinois, reported a bogus and forged check which had been drawn against the account of one of their depositors, the name of the firm being forged to same.

The matter was referred to our detective representatives, who caused the arrest of Abe Kadison, employed by the firm whose name had been forged. Kadison admitted stealing the check from the check book of his employers and committing the forgery.

Frank Lacy was arrested on January 28, 1913, at the request of merchants in the city of Los Angeles, California, and it was later discovered that he had defrauded a bank member in Los Angeles. An effort was made to have Lacy released owing to the connections of his family. At the present time he is held to answer the charge of forgery and is awaiting trial.

George Lundy, alias Tom Ford, the colored man who defrauded a bank member at Edgeley, North Dakota, as reported on page 531 of the February, 1913, JOURNAL, was arrested in Kansas City, Missouri, January 31, 1913, and identified through a circular as the man wanted at Edgeley, has been taken to that place for trial.

A man entered a membership bank at Sallisaw, Oklahoma, November 4, 1912, with a check payable to W. E. Sparks, drawn on a Chicago bank member by a mercantile firm in that city. The man presenting the check was known to one of the tellers at the Sallisaw bank as E. J. McCartney, and as the check appeared to be properly endorsed McCartney secured the cash. Our detective agents learned that the check was mailed to the real owner, W. E. Sparks, at a Sallisaw hotel, a few days before it was cashed. It is believed that McCartney learned in some way that the check was to be sent to Mr. Sparks and he registered at the hotel as Mr. Sparks a few days before the real Mr. Sparks arrived and secured the check with other mail. He was located at Fort Smith, Arkansas, and returned to Sallisaw, where he was formally charged with the crime.

Bert Plummer, who obtained considerable cash from a bank member at Eugene, Oregon, by means of forged checks, was arrested November 13, 1912, at Milwaukee, Wisconsin, where he attempted to continue his operations. He was successful in Eugene as he was employed by the man whose signature he forged and the bank people had no suspicion of his irregularities until the depositor had his book balanced. Plummer had then disappeared. The Oregon Bankers' Association is co-operating with this Association in this matter.

H. S. Vincent, alias H. M. Vincent, who attempted to cash a bogus voucher check at a member bank in Memphis, Tennessee, was arrested in Kansas City, Missouri, January 29, 1913, on account of being drunk. The police discovered he was wanted at Memphis and also at Vicksburg, Mississippi. In addition to his check transaction at the Memphis bank Vincent is also under indictment for defrauding a private individual at Memphis. The Memphis authorities have promised to have him returned there for trial.

A man named W. B. Williams, called at a membership bank in Cornish, Oklahoma, on January 3, 1913, and presented a check, which he had received in payment for some cattle. Later, his brother, Arthur Williams, called at the same bank and presented a check for a larger amount, which was signed the same as was the other. The check for the larger amount proved to be a forgery. An investigator of our detective agents was detailed on this matter, but before his arrival both Williams brothers were placed under arrest. He however developed evidence which will undoubtedly result in their conviction. These men also forged checks in the same way on a membership bank at Ryan, Oklahoma. The trial of these men will come up in the March term of court at Waurika, Oklahoma.

REMOVED.

John Bechtel, Jr., who was arrested at Butte, Montana, for defrauding a membership bank at Salmon, Idaho, as reported in the June, 1912, JOURNAL, page 765, was finally released from custody. The authorities at Salmon refused to pay the expenses of his return and trial, as there was a question of venue which could not be proven.

William Behrensen, alias Bernard, and William Peverett, alias "Whitey Black," were convicted at Bowling Green, Ohio, on February 14, 1913, on a charge of burglarizing a bank member at Portage, Ohio. Behrensen was sentenced to serve twelve years and Peverett to serve ten years in the Ohio Penitentiary.

The case against Joseph F. Berry, charged with defrauding a bank member at Kansas City, Missouri, has been dismissed. JOURNAL, January, 1912, page 444, and March, 1912, page 566.

C. C. Blasdell, mentioned on page 99 and 105 August, 1911, JOURNAL, was tried on February 19, 1913, at Perry, Oklahoma, and found not guilty of a charge of swindling a member bank at that place.

J. C. Breckenridge, alias W. W. Walker, alias W. L. Romain, whose arrest was recorded on page 318, November, 1912, JOURNAL, was tried and convicted at Kansas City, Missouri, on a charge of swindling a bank member of that city. He was sentenced to serve from one to five years in the penitentiary at Lansing, Kansas.

F. Steininger Clark, alias Jerome White, whose arrest is recorded elsewhere in this issue, pleaded guilty to a charge of forgery and on February 3, 1913, was sentenced to serve seven years in the Missouri State Penitentiary.

Richard Colston, a negro, whose criminal operations were reported on page 443 of the January, 1912, JOURNAL, was sentenced on January 29, 1912, to the Rahway, New Jersey, Reformatory, after pleading guilty to attempting to pass a bogus check on a bank member in East Orange, New Jersey.

G. T. David, arrested at Maysville, Georgia, January 24, 1913, at the request of our detective agents, for issuing a bogus check on a bank member at El Centro, California, has been released from custody. JOURNAL, February, 1913, page 534.

O. W. Deckhard, alias O. L. Register, alias O. L. Murray, arrested September 16, 1911, for swindling a member bank at Meade, Kansas, has been sentenced to the penitentiary. JOURNALS, September, 1911, page 159; October, 1911, page 225; November, 1911, page 314; and September, 1912, page 182.

Kennett Graham, alias George Taylor, alias George Monroe, who defrauded a bank member at St. Louis, Missouri, and a non-member bank at Chicago, Illinois, was convicted on the latter charge and has been sentenced to serve from one to fourteen years in the Illinois State Penitentiary. JOURNAL, December, 1912, page 387.

A. H. Halsey was brought before the Judge of the Circuit Court of Portland on February 4, 1913, and was sentenced to a period of two to twenty years in the State Penitentiary for defrauding a member bank of Portland, Oregon. Halsey's attorney requested leniency for this criminal, but Judge Davis of the Circuit Court stated that altogether too many paroles have been made in the past and that no leniency could be expected nor would be granted. Halsey was referred to in the JOURNAL, October, 1912, page 253; and January, 1913, page 457. The Oregon Bankers' Association co-operated with this Association in the prosecution of this case.

W. T. Irvin, who passed a forged check at a member bank at Oakdale, Pennsylvania, reported in the January, 1913, JOURNAL, page 457, on December 10, 1912, was sentenced to serve three months in the Allegheny County jail.

Abe Kadison, whose arrest is reported elsewhere in this issue, was discharged, as it was learned that he had at one time been an inmate of the Cook County Asylum.

A. M. Kutzkey, who was arrested August 23, 1911, for defrauding a bank member at St. Johns, Oregon, has been tried and is now out under parole. The Oregon Bankers' Association co-operated with this Association in the prosecution of this man.

George Lundy, a colored man, whose arrest is reported in another column of this JOURNAL, was sentenced to serve five years at the State Penitentiary at Bismarck, North Dakota.

The case against Antonio Monde, alias Mechele Muratore, who was arrested in connection with a forgery through which a bank member at Syracuse, New York, was defrauded, as reported on page 256 of the October, 1912, JOURNAL, has been dropped, as there was not sufficient evidence to prosecute him.

Dominic Perris, alias Perisse, who attempted to swindle a bank member at Syracuse, New York, as reported in the October, 1912, JOURNAL, page 256, was tried on a charge of attempted grand larceny, convicted and then placed on probation.

Bert Plummer, whose arrest is recorded in another column of this JOURNAL, pleaded guilty to forgery, at Eugene, Oregon, on January 27, 1913, and was sentenced to the Oregon Penitentiary for a period of two to twenty years. It is reported his friends are at work to secure a pardon for him. The Oregon Bankers' Association co-operated with this Association in the prosecution of Plummer.

Adolph Smith, alias Otto Hedgerson, who defrauded a New York City bank member by means of forged checks, was sentenced on January 27, 1913, in the Court of Special Sessions by Judge Rosalsky to the penitentiary for a period of one year. JOURNAL, October, 1912, page 252, and January, 1913, page 458.

Frank C. Smith, alias R. B. Paige, whose operations and arrest were reported in the November, 1912, JOURNAL, page 119, was convicted at Sacramento, on February 6, 1913, and sentenced to serve ten years in the California State Penitentiary at San Quentin. It was ascertained by our detective agents before Smith was sentenced that he had served a previous term of five years in the New York State Penitentiary at Sing Sing, for forgery. A San Francisco bank member was defrauded by this dangerous criminal. The California Bankers' Association co-operated with this Association in the prosecution of this criminal.

E. Southern, alias Emery Salyards, Ed Salyard, E. Salyard, etc., whose operations and arrest have been previously reported, pleaded guilty to a charge of forgery and was sentenced to serve from ten to fifteen years in the Washington State Penitentiary at Walla Walla, Washington. JOURNAL, May, 1912, page 692; August, 1912, page 115; November, 1912, page 318.

Lacey E. Thomas, whose photograph and description appeared in the November, 1912, JOURNAL, page 314, pleaded guilty to forgery at Oroville, California, February 14, 1913, and was sentenced to serve two years in the State Penitentiary at San Quentin. This Association, co-operating with the California Bankers' Association, brought about the arrest and conviction of this criminal.

C. W. Watkins, arrested at the instance of our detective agents, December 12, 1912, for passing bogus checks on a member bank at Monroe, Louisiana, was recently sentenced at that point to six months' hard labor on the roads. JOURNAL, January, 1913, page 458.

Charles R. Young, whose arrest for forgery by means of which a bank member at Kansas City, Missouri, was defrauded, as reported on page 535, February, 1913, JOURNAL, pleaded guilty in court, February 3, 1913, and was sentenced to three years in the State Penitentiary at Jefferson City. Later he was paroled.

AWAITING TRIAL, EXTRADITION OR SENTENCE, FEBRUARY 1, 1913.

ALLEGED FORGERS, ETC.

Aggerbeck, Anton A., August 24, 1912, arrested; forgery Milwaukee, Wis.

Alexander, W. L., February 8, 1913, arrested; forgery Chicago, Ill.

Anderson, George J., January 29, 1913, arrested; forgery Boston, Mass.

Anderson, Harold, August 24, 1912, arrested; forgery Milwaukee, Wis.

Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.

Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.

Berman, Leo, November 11, 1912, arrested; forgery New York City.

Bishop, W. H., November 23, 1912, arrested; forgery Chicago, Ill.

Booker, E. W., January, 1913, arrested; forgery Auxvasse, Mo.

Brenizer, D. I., November 11, 1912, arrested; swindle Narka, Kan.

Brown, Benjamin W., February 17, 1913, arrested; forgery Brandon, Vt.

Burtis, Otto, December, 1912, arrested; swindle Bluffton, Ind.

Cann, Fred, June 17, 1912, arrested; forgery Carriazo, New Mexico.

Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.

Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.

Caulbe, A. S., October, 1911, arrested; forgery Cairo, Ill.

Chapman, Wilbert, December, 1912, arrested; raised check Aberdeen, S. D.

Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.

Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.

Coles, W. C., October 21, 1912, arrested; forgery Shreveport, La.

Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.

Crane, George E., January 21, 1913, arrested; swindle San Francisco Cal.

Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.

DeAhna, E. M., February 22, 1912, arrested; swindle Metropolis, Ill.

De Mangelont, Albert, February 6, 1913, arrested; swindle Akron, O.

Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.

Dowd, David, January 20, 1913, arrested; forgery New York, N. Y.

Downing, Joe, July 13, 1912, arrested; swindle Rushville, Neb.

Edwards, P. S., October 1, 1912, arrested; swindle Parma, Idaho.

Ellars, William A., February 11, 1913, arrested; forgery Fort Worth, Texas.

Feroni, Romo, November 8, 1912, arrested; forgery Crystal Lake, Ill.

Fitzgerald, Thomas J., December 4, 1912, arrested; swindle New York, N. Y.

Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.

Gaerter, William, November 27, 1912, arrested; forgery New York City.

Gaffney, Tommy, October 2, 1912, arrested; forgery Parma, Idaho.

Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.

Gould, Harry, August 31, 1912, arrested; forgery New York, N. Y.

Graham, Joseph, January 23, 1913, arrested; forgery Charleston, W. Va.

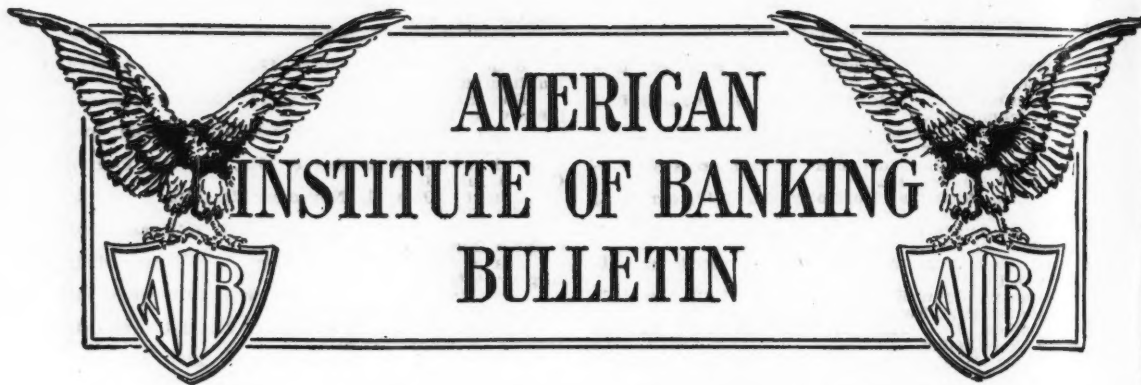
Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.

Greenawalt, Charles G., December 24, 1912, arrested; forgery Clarion, Pa.
 Haiken, Esther, May 28, 1912, arrested; forgery New York, N. Y.
 Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.
 Harris, William, January 13, 1913, arrested; forgery St. Louis, Mo.
 Henifer, Charles, January 16, 1913, arrested; forgery Richmond, Va.
 Hickman, "Skeet," December 18, 1912, arrested; forgery Fort Worth, Texas.
 Hilliards, Ollie, November 13, 1910, arrested; forgery West Newton, Pa.
 Hodes, Nicholas, November 11, 1912, arrested; forgery New York City.
 Hopp, Jacob, January 28, 1913, arrested; forgery Gladstone, N. D.
 Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
 Hudson, John E., November 19, 1912, arrested; swindle Beeville, Texas.
 Hughes, Lee, June 2, 1912, arrested; swindle Pryor Creek, Okla.
 Isaacs, Walter, January, 1913, arrested; swindle Louisville, Ky.
 Johnson, Clarence, February 18, 1913, arrested; forgery Charleston, W. Va.
 Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
 Klein, E., January 12, 1912, arrested; forgery Scranton, Pa.
 Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.
 Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.
 Lacy, Frank, January 28, 1913, arrested; forgery Los Angeles, Cal.
 Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.
 League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.
 Livingston, Myron A., December 13, 1912, arrested; forgery New York, N. Y.
 Lundy, George, January 31, 1913, arrested; swindle Edgeley, N. D.
 McBrine, William R., November, 1912, arrested; forgery Guthrie, Okla.
 McCants, E. L., November 26, 1912, arrested; swindle River Junction, Fla.
 McCartney, E. J., February 3, 1913, arrested; forgery Sallislaw, Okla.
 Mackie, Albert, January 18, 1913, arrested; forgery St. Louis, Mo.
 Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
 Meeker, Chas. M., February 6, 1912, arrested; swindle Kansas City, Mo.
 Mercer, Kathryn, November 30, 1912, arrested; forgery St. Louis, Mo.
 Meyers, Charles H., December 30, 1912, arrested; swindle Eastman, Ga.
 Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.
 Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.
 Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.
 Mott, J. L., November 8, 1912, arrested; forgery New Orleans, La.
 Muller, Edward C., January 20, 1913, arrested; forgery New York, N. Y.
 Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.
 Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.
 Parker, Chas., April 8, 1912, arrested; forgery Los Angeles, Cal.
 Peebles, R. L., August 12, 1910, arrested; swindle Birmingham, Ala.
 Percival, James, January 24, 1913, arrested; swindle Clarksburg, W. Va.
 Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.
 Plum, William H., December 24, 1912, arrested; forgery Kansas City, Mo.
 Polk, J. C., January 18, 1913, arrested; forgery Houston, Texas.

Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.
 Richardson, M., January 1, 1913, arrested; swindle Kansas City, Mo.
 Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.
 Rolleyson, Frank, July 30, 1912, arrested; forgery Huntington, W. Va.
 Romero, C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.
 Roper, Julius E., November 4, 1912, arrested; forgery Waldo, Ark.
 Sadey, Paul, November 8, 1912, arrested; forgery Crystal Lake, Ill.
 Schantz, Orin E., November 29, 1912, arrested; swindle Eldorado, Ill.
 Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Col.
 Sharp, Charles W., October 25, 1912, arrested; forgery Pittsburgh, Pa.
 Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.
 Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.
 Smedley, W. E., September 15, 1912, arrested; forgery Des Moines, Ia.
 Snodgrass, Earl, October 26, 1912, arrested; forgery Spencer, W. Va.
 Spangle, A., July 25, 1912, arrested; swindle Nowata, Okla.
 Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.
 Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.
 Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.
 Veverka, Charles, November 27, 1912, arrested; forgery Pittsburgh, Pa.
 Videla, Albert, December 2, 1912, arrested; forgery New Orleans, La.
 Vincent, H. S., January 29, 1913, arrested; swindle Memphis, Tenn.
 Walsh, John C., July 8, 1910, arrested; swindle Brooklyn, N. Y.
 Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.
 Wehner, F., October 24, 1911, arrested; swindle Ridgefield Park, N. J.
 Weil, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.
 West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.
 Wiggins, S. A., Jr., July 25, 1912, arrested; forgery Chicago, Ill.
 Williams, Arthur, January, 1913, arrested; forgery Cornish, Okla.
 Williams, W. B., January, 1913, arrested; forgery Cornish, Okla.
 York, G. A., January, 1913, arrested; raised check Waterville, Wash.

BURGLARS.

Baggett, H. C., February 21, 1913, arrested; attempted burglary Talladega, Ala.
 Belshner, Glen, February, 1913, arrested; attempted burglary Vera, Okla.
 Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.
 Flynn, William, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.
 Harris, J. W., February 16, 1913, arrested, attempted burglary Dahlonga, Ga.
 Hollingsworth, George, October 2, 1912, arrested; attempted burglary Vera, Okla.
 Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.
 Miller, Charles, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.
 Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.
 Richards, Homer, January 19, 1913, arrested; burglary Vera, Okla.
 Thornton, William, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.
 Wilson, Charles, February, 1913, arrested; attempted burglary Vera, Okla.



INSTITUTE INFLUENCE IN PUBLIC AFFAIRS.

Substantial Recognition by the Board of Education of New York City—How the Agricultural Committee of the New York State Bankers Association is Utilizing Institute Men in Practical Work—A. W. Loasby, President of Syracuse Chapter, in an Address to Farmers at Cornell University, Explains the Cost of Money to Banks for Loan-ing Purposes.

THERE is a growing sentiment that men of Institute training should do something worth while beyond the confines of chapter routine. One of the difficulties that has afflicted the Institute in the past has been a tendency among its members to soar among the clouds of high finance before laying a suitable foundation for sound thought. This difficulty has been largely overcome, however, through the graduation of several hundred students who now are or ought to be able to distinguish between economic truths and the various isms and ologies that beset American finance, and thus logically pursue post-graduate studies with profit and pleasure during the remainder of their natural lives. Institute post-graduate work provides ways and means by which Institute graduates may benefit themselves and their associates. The next stage of Institute evolution is for the Institute to benefit others.

As a notable example of the influence of Institute training upon the general activities of the banking world, the work of the Savings Bank Section of the American Bankers Association may be cited. This Section has begun a campaign of education in saving and thrift among the people of the United States and, among other methods, advocates lectures upon thrift by bank men, as a means of reaching those who have grown up heedless of this most important matter. In New York City in co-operation with the Supervisor of Lectures of the Board of Education, a series of lectures has been arranged to be included in the regular course of free public lectures. This course will be given in Cooper Institute, on Wednesday evenings beginning March 5th, by gentlemen representing the various aids to thrift offered by the city, namely the Savings Bank, Trust Company, Commercial Bank, Postal Savings Bank, Savings and Loan Association, Thrift Association, Insurance Company, and those fighting the so-called "loan sharks." It is interesting to note that Institute men are prominent among the lecturers. William E. Knox, Comptroller Bowery Savings Bank; O. Howard Wolfe, Secretary of the Clearing House Section; Alfred M. Barrett, Treasurer Guardian Trust Company; John Harsen Rhoades, of Rhoades and Company; V. A. Lersner, Assistant Cashier Williamsburgh Savings Bank, Brooklyn, and W. R. Meakle, Secretary Paterson Savings Institu-

tion, Paterson, N. J., all members of New York Chapter, are scheduled to lecture during this course. The Committee in charge of this work are all Institute men, including besides Messrs. Lersner and Meakle, J. C. Griswold, Secretary of the Excelsior Savings Bank, and Secretary McWilliam, of the Savings Bank Section, upon whom has rested the responsibility of carrying out the details of this work. Mr. McWilliam is the President of New York Chapter. Nowhere has the real Institute spirit been illustrated to better advantage than in this instance. The masses will be helped to a better appreciation of the financial institutions through a knowledge of their nature and functions gained from practical men, and a degree of co-operation will result, which was not deemed possible. Thus the Institute's influence for good does not end with its members, but through them reaches out and touches the people, creating better citizens and strengthening our country by improving its very underlying economic conditions.

The Committee on Agricultural Education and Development of the New York State Bankers Association is also making good use of Institute talent. The junior member of the Committee is the Educational Director of the Institute who has been a student of agriculture for a quarter of a century. The other members of the Committee are Charles M. Dow of Jamestown, Robert H. Treman of Ithaca and Douglas Conklin of Huntington, all of whom are bank presidents. Mr. Dow is director of the arboretum at Letchworth Park. The members of the Committee are not only collecting information from the agricultural colleges of the State and the agricultural departments at Albany and Washington but are also working in connection with practical farmers. The Committee is giving particular attention to the subject of agricultural credit and have personally participated in recent farm conferences under the auspices of Cornell and St. Lawrence Universities. In such work A. W. Loasby, President of Syracuse Chapter, and the Educational Director of the Institute, have taken a prominent part. In the Cornell conference last week Mr. Loasby and the Educational Director discussed the credit question with officers of the State Grange and others and report a spirit of cordiality on the part of the farming fraternity based upon evident realization of mutuality of interest. In a masterly address Mr. Loasby explained the cost to banks of producing money for loaning purposes.

"During the past few years," said Mr. Loasby, "considerable attention has been given to the development of agriculture along scientific lines, and we have read and heard much discussion about intensive farming, reclaiming of arid and swamp lands, and last, but not least, financing the farmer.

"There has been much protest over the fact that the American farmer pays a higher rate of interest than his European brother, and of late many students of finance and agriculture have been giving the European banking methods of financing the farmer serious

thought with a view of formulating a plan to fit the American situation.

"It is regrettable that the impression prevails that the European farmer borrows money at 3 per cent. interest or thereabout. As a matter of fact he pays in most cases from $4\frac{1}{4}$ to 6 per cent. interest in accordance to the length and character of the loan.

"What are the factors controlling the high rate of interest on loans to farmers?

"First—Our inefficient currency system. This factor, of course, affects all branches of industry.

"Second—Our country being comparatively new the demand for capital is greater than in European countries.

"Third—Businesslike methods have not been applied to the same degree as compared with other lines of industry.

"The question arises—How is money produced for loaning purposes, and what does it cost in this country to produce it? The average man impresses a banker as thinking that our large financial institutions are unlimited reservoirs of money to be dealt out to any honest man for the asking. He does not realize that banks after all are only trustees, and the larger portion of their loanable funds are purchased from the public at a price, either in the payment of interest or service, and this money is called "Deposits." The rate of interest paid on deposits in New York State is from 2 to 4 per cent. and the operating and overhead expenses of the banks in connection with the deposits are estimated to approximate $1\frac{1}{2}$ per cent. I make this figure approximate, because the overhead expense is not alike on all accounts. For example: an inactive account would command a higher rate of interest than an active account. On the other hand the larger portion of active accounts receive no interest, but are chargeable with a higher rate of operating and overhead expense. It is safe to say, however, that, after making allowance for reserves, money in transit, interest and operating expenses, it costs the average bank in this section approximately 4 per cent. to produce each dollar of deposit. Of course, exceptional circumstances will vary this condition. For example: Frequently New York banks are flooded with deposits, carrying a low rate of interest, which are subject to immediate withdrawal. The New York banks in such times make short loans of the very best character at rates, which will show them a small profit or at least no loss. Under this condition, which is largely the fault of our currency system, the competition for high grade loans is keen, forcing the loan rate down to a very low point. On the other hand in the centers of great industrial activity, like Pittsburgh and also the agricultural sections, higher rates of interest are paid to depositors by banks, because the local demand for money is greater.

"Now, why do the banks have to pay so much for money? It is answered in one word, 'Competition,' and competition among banks is becoming keener every day, even among the banks which form the so-called 'Money Trust.'

"Fools and the ignorant are being separated from their money every day, but, as a general proposition, money shrewdly seeks the market where it gets the best bargain, and in the last analysis money is controlled by the people and not the banks.

"Let us take the different classes of borrowers, and see what rates they pay for money. Our government in recent years has issued bonds at 2 per cent. The chief reason for this low rate is this currency feature, which permits National Banks to buy government bonds, pledge them with the government, and issue currency against them. Many people think there is a large profit in this operation for the banks. As a matter of fact the profit is about 1 per cent. more than the banks would receive should they loan the money employed in the purchase of these bonds direct to the borrower.

"Our Empire State recently issued bonds at 4 per cent., and they have not sold at a large premium, even with the added feature of being acceptable as security for State deposits.

"New York City sells its bonds on a $4\frac{1}{4}$ per cent. basis. Few cities sell at a more favorable rate, and some of the Western municipalities have to pay over 5 per cent. Short-time financing by our cities com-

mands even higher rates. The City of New York has recently paid 5% per cent. on short-time notes.

"The sale of high-grade railroad bonds on a 4 per cent. basis seems to be a thing of the past. The Canada Southern Railroad recently sold bonds, guaranteed by the Michigan Central Railroad, which were offered to the public on a 4:70 basis. Allowing for bankers profits the cost to the railroad is estimated at 4:85. This is an illustration of what a first-class railroad has to pay on a long-time loan, even with gilt-edge security, this particular bond being secured by a first mortgage on the property of the Canada Southern Railroad from Buffalo to Detroit in addition to being guaranteed by the Michigan Central Railroad, one of our greatest trunk lines.

"The railroads are paying from $4\frac{1}{2}$ to 7 per cent. for money; the rate being based first on the general credit of the road, second the security offered, and third the length of time of the loan. Many railroads for several years past have resorted to short-time financing, even at a higher rate of interest in the hope that money conditions will become easier, thereby permitting long-time financing on more favorable terms.

"In 1907 many three- and five-year notes were issued by the railroads with the hope that at maturity they could be renewed by long-time bond issues at lower rates. The hopes of the railroad financiers were not fulfilled, and considerable short-time financing is still practiced. There are several reasons for the high-grade low interest-bearing railroad bonds being looked upon with disfavor by the investor:

"First—The increasing gold supply has reduced the purchasing power of the dollar.

"Second—The high cost of living as compared with ten or fifteen years ago caused by the cheapened dollar, the increase of extravagance, whereby luxuries have become necessities, and the failure to increase the production of food stuffs in proportion to the increase of population. These conditions have caused the investor to demand a higher rate of income on his investment.

"Third—The increased cost of materials, supplies, wages without a corresponding increase in freight and passenger rates have reduced in many cases the margin of safety over fixed charges, thereby making the bonds less attractive.

"The past twenty years have witnessed the wonderful development of our public service corporations, namely: gas, electric light, power and traction companies, and the securities of these enterprises have become popular among investors, for the reason that the security offered is generally as safe as steam-railroad securities, and the earnings proportionately as good. This class of securities, however, will average a higher rate of interest than the steam-railroad securities, because the market for them is not so well established. Some of our steam roads with a high credit standing of many years are able to sell entire issues of securities abroad at more favorable rates than can be obtained at home. It is safe to state that on the average our public service corporations pay from $4\frac{1}{2}$ to 6 per cent. for their bonds.

"The years following the panic of 1893 witnessed the formation of our gigantic industrial enterprises through combinations and consolidations, which involved a large amount of financing, and during the past decade the securities of well-managed industrial corporations have found favor with the investor. Industrial bonds usually bear from 5 to 6 per cent. and the cost of the borrower is usually nearer 6 per cent.

"In view of what has been shown the American farmer cannot expect to borrow money for less than 6 per cent. Why does the American farmer have to pay from 6 to 9 per cent. for money, and in some cases higher? Because the farmer has not been as highly developed as a credit risk as Railroads, Public Service Companies, and the various forms of industrial enterprises. This condition is, no doubt, due to our vast resources, which have in the past given greater opportunity for profit in mining, manufacture, transportation, etc., than agriculture with the natural result that they have been developed to a higher degree of efficiency. Large concentration of capital into one enterprise creates credit strength. Owing to the scattered interests in farming this feature is seen infrequently.

"Many large financial interests are ultraconservative regarding farm loans, because of past experience with farm mortgages. What are the remedies for this condition? First—Education. Education will do more to elevate the farmer as a credit risk than any one factor. Education will teach the farmer to apply business methods. A farmer should be just as careful about his inventory and cost of production as the manufacturer. An efficient manufacturer can tell accurately the cost of producing a given article. Likewise the farmer should know the cost of producing each particular farm product. The agricultural colleges are awakening the whole nation to the necessity of applying scientific and commercial principles to farming, and the result is our large Insurance Companies are unlocking their vast resources and making loans on the high-grade farm lands in the Middle West. This is the first step toward easier money for the farmer.

"The Savings Banks in the Eastern cities for some years have avoided farm loans. The present improvement in Eastern farm values will, no doubt, restore confidence, and in the future we will see the Savings Banks more ready to accept farm loans. Our commercial banks in the East are capable of easily financing the crop movement. In the West, however, the situation yearly becomes acute during the crop-moving period, and no definite relief can be expected until a more elastic currency system is adopted, which will permit the proper expansion of credit during the growing and crop-moving periods and the subsequent contraction when the credit is no longer required.

"Much long-time financing for the American farmer is still necessary. This class of financing cannot be properly and safely handled by our commercial banks. It is out of their province. It would seem that some form of mortgage bank would fit the need. Recently, George Woodruff, of Joliet, Illinois, formed the Woodruff Trust Company to operate along the lines of the Credit Foncier of France. The plan, as outlined, is briefly this: Loans are to be made on real estate only. Such loans as are made on farm lands are not to exceed 50 per cent. of the value of the land. Loans may be made up to 30 years; each loan to be paid back in small semi-annual installments on what is known as the Amortization plan. Under this plan the loan will never have to be renewed, but will continue to run until the semi-annual installments have cleared the debt, thereby eliminating commissions and renewal expenses.

"In many sections of the country the interest on farm mortgages is 8 per cent. or more, but it would seem that the mortgage bank could afford to loan on farm mortgages for 30 years requiring an annual payment of 8 per cent., which would cover not only the interest, but also the principle of the loan, and the expenses and profits of the bank. The plan is to have the mortgage bank sufficiently capitalized to enable it to guarantee the farm loans and sell the same to investors. This plan will be watched with much interest as being a step toward the solution of the problem of long-time financing of the American farmer.

"The respective States should appoint commissions to study the conditions in their sections co-operating with a National Commission to consider the formation of a plan to establish agricultural banks for long financing, the same to be under government supervision. The present system of National and State banks under an elastic currency system would be abundantly able and willing to finance the good farmer for his short-time requirements.

"Recently strong financial interests have formed the Agricultural Credit Company. This company was organized for the purpose of purchasing long-time farmer notes of certain agricultural implement manufacturers, who sell their traction engines on long time to substantial farmers in the West and Northwest. It is the practice of the Agricultural Implement Companies to require a certain amount of cash on purchase; the remainder to be paid on 12, 24 and 36 months' time, thereby enabling the farmers to purchase these expensive machines.

"As a rule the traction plows are sold only to substantial farmers, who have their own lands, and who are worth a sufficient amount of property to

justify their going into debt to the extent of buying such machines. These notes are sold to the Agricultural Credit Company by the Implement Companies under a certain guarantee, which guarantee is sufficient to cover any possible loss which might be sustained in the collection of the notes. The Agricultural Credit Company sells its own note to the investor, secured by the farmers' notes to an amount of 120 per cent. of the issue. Under this arrangement the manufacturer immediately gets cash, and is not obliged to carry long-time paper to maturity. The long credits extended by implement manufacturers have often been their menace in periods of financial stringency, and this plan will, no doubt, greatly relieve the situation, and, of course, is an indirect benefit to the farmer.

"Strange as it may seem to agricultural interests this proposition was financed in Wall Street, and is only another illustration that money cannot be controlled, but will seek the safest and most productive market, and that, as the farmer elevates himself as a credit risk, he will find it easier to finance his project."

To further use the Institute as machinery for investigation and publicity, arrangements have been made for a debate on the subject of agricultural credit between New York and Syracuse Chapters during the State convention at Ottawa in June.

SPECIAL DEPOSIT OR SAFEKEEPING DEPARTMENT.

By Wm. C. Macavoy, of the Safekeeping Department of the National Park Bank of New York—Address at a Meeting of the New York Chapter of the American Institute of Banking.

IN a period of concentration of corporate wealth, resulting in the stifling of competition, the creating of monopolies, and of agitation on the part of their critics, we have among the New York banks a keen, far-reaching and most resourceful competition for new business. For example, the tradesmen of Osceola meet to discuss the prospects of a bank for their town. The banks in New York, learning of the project, immediately set in motion the machinery to secure the account of that bank. The account sometimes is secured through friendships or business connections, but usually it goes to the highest bidder—the New York bank of strength and standing whose offer seems to be the most attractive. The direct result of this competition is to give the small bank in the interior the benefit of the advice of the bankers and the services of the banks of New York City. Among the many services performed for country correspondents are, First: The loaning of money. Second: The keeping of securities. The Wall Street loans made for correspondents are negotiated through the Demand Loan Department, while securities held for correspondents are placed in the Securities Department. The first holds the pledged, the second the unpledged securities, while the men in the one have no control over the securities held by the other.

Loans for Correspondents.

The country banker, finding his funds accumulating in New York and drawing only 2 per cent. interest, asks his New York correspondent to place a portion of his balance in a loan that can be readily converted into cash, provided the rate secured is higher than 2 per cent. The demand or call loan is preferred because, by it, the country bank is enabled to retain control over its assets while they are earning interest. Strict call loans are made only to brokers in business on the Exchanges, because only this class of borrowers can repay a loan on demand. So that in this way the banks of the country indirectly contribute funds for speculation in Wall Street, and reap a harvest of profits while the rates are high. When the call rate falls below 2 per cent. these astute country bankers return their funds to the balance account and the 2 per cent. interest.

The custom of loaning not less than \$50,000 on

call to a firm would make it impossible for many of the country banks, with small capital, to take advantage of these high interest rates. The New York banks in competition for new accounts have overcome this obstacle by inventing the participation loan, by means of which the funds that a number of small banks may legally loan are pooled and loaned in one amount to brokers; each bank in the pool owning a participation in the one note.

The demand loan is not only a quick but a safe asset. It is quick because the bank making the loan may call it for payment the next day, and if the broker should fail to meet the obligation, the bank may sell the security held as collateral, in order to protect itself against loss. As the bank has the right to call the loan at any time, so has the broker the privilege of paying it at will and securing his collateral upon payment. Custom fixes the rule that payment of call loans be demanded by one o'clock and paid by two o'clock, but the law gives the borrower until three o'clock to arrange for payment. Loans made on Friday are carried over until the following Monday. The demand loan is safe because the bank requires from the borrower a margin of 20 per cent. in excess of the amount loaned. The value of the collateral is based on the prevailing rates quoted on the New York Stock Exchange. The broker borrowing \$100,000 is required to deposit with his demand note, securities, either stocks or bonds, that in the market can be sold for \$120,000, according to the bids for the securities on the floor of the Exchange. If the market declines and the value of the securities held as collateral to the loan suffers in the depression, the broker must respond to the request of the bank to deposit additional securities so as to maintain the margin of 20 per cent. Conversely, on a rising market the broker may withdraw that part of his securities above the 20 per cent. margin.

During the life of the loan the broker has the privilege of substituting collateral if the market value and character of the collateral substituted are equal to that withdrawn. The collateral to the average loan consists of certificates of stock in railroad and industrial corporations; about 70 per cent. in "rails" and 30 per cent. in "industrials." Railroad stocks are preferred because they are considered more stable than the industrials and not subject to such wide fluctuations.

The rate for call loans, like the value of the collateral, is quoted daily on the floor of the Stock Exchange. The banks, guided by these quotations, notify the borrowers of changes in the rates. We must not infer from the foregoing that the quotations of the Stock Exchange are the final arbiters of prices and rates. As a guide we concede these quotations to be invaluable, but upon the shoulders of the Loan Clerk, who in all large banks is an Assistant Cashier, with authority to sign for his bank, rests the responsibility of accepting or rejecting the collateral to these loans, and of adjusting the rate to the collateral.

If the Loan Clerk makes an exception to the practice of requiring a much larger percentage of rails, he asks a higher rate of interest as compensation for the presumably greater risk. When the borrower offers bonds listed as legal for investment by savings banks in New York State he should have the benefit of the lowest rate. The maximum rate of interest for the minimum risk is an obvious rule in banking, and inasmuch as call loans are subject to the axiomatic truth applicable to all investments, that the risk increases with the rate, the temperament and training of the Loan Clerk must be such as to enable him to use his best judgment at all times, and to take an inflexible stand against loans that might result in a loss for the bank.

In his desire to make money for the bank, he must analyze with minute care stocks that have a narrow market, stocks that are subject to wide fluctuations and stocks of doubtful intrinsic value brought into prominence through manipulation. If stocks of this description are accepted by the Loan Clerk he should see to it that they form only a small percentage of the collateral. In protecting the call loan by proper collateral we must also consider the character and business reputation of the borrower.

The record of the loans appears on cards sorted in alphabetical order: the amount, date, changes in

interest, a list of the collateral, and the market value of the collateral. The method of keeping the records of these demand loans varies in different banks.

In some banks loans made for customers appear in the daily proof, and a complicated system of bookkeeping in the Demand Loan Department, intended as a protection, has the weakness of placing in that department the entire control of the books. Other banks aim to make the bookkeeping as simple as possible and at the same time to provide a check by the Auditor's Department.

In the National Park Bank the following method is pursued: Upon receipt of a request from a correspondent to make a demand loan, the amount is charged directly against the account of that correspondent through the Cashier's Check Book, when the check is drawn and delivered to the broker to whom the loan is made. Upon payment of the loan, the broker's check is credited to the account of the correspondent through the general book in the Note Teller's Department. The color of the Cashier's check delivered to the brokers, and of the card showing the record of the collateral for loans made for correspondents is yellow; so that at a glance the Auditor and his assistants can classify the loans made for customers, since the checks and cards used in loans made for the bank are white. This method of keeping the records of loans for correspondents makes it possible for the Auditor to eliminate these figures from the general proof of the bank's work. The Auditor receives from the Loan Department each day and enters in a memorandum book the total amount of loans made for correspondents, as well as the total amount of loans paid on account of correspondents; the difference represents the amount of loans outstanding. This method combines simplicity with safety.

For months preceding the panic of 1907, during the saturnalia of speculation in the Street, when the rates for call money were high, many of the country banks contributed their funds to the festival. When the danger signals were set for the panic these banks not only demanded payment of their call loans, but they telegraphed urgent requests to their New York correspondents for shipments of large portions of their balances in currency. The trouble caused at that time, when all the interior banks demanded that New York assist in strengthening their reserves, is probably the reason for certain criticism before the Pujo Committee leading to the proposal that the maximum interest for the call loan be limited to 6 per cent., so as not to attract the funds from the interior. We have seen, however, that it is not only the interest that attracts the country banker, but the "quick asset" feature of the call loan that appeals to him, and legislative restriction of his field of investment would probably result in the curtailment of his resources and a consequent loss of banking power.

Safekeeping of Securities.

The safekeeping of securities in a separate department is the result of a suggestion made by a National Bank Examiner. Observing in his periodical examination that both the Loan and the Discount Departments held a constantly increasing number of unpledged securities for the bank's customers, he realized the possibilities and the opportunities that lay open for the clerk who might be tempted to pad loans. This Examiner, therefore, suggested that the unpledged securities be withdrawn from the control of the Loan Clerks. The banks took prompt action on this suggestion and established the Securities Department.

This department, originally established for the convenience and protection of the bank, in separating unpledged securities from those hypothecated, is continued as an accommodation to the bank's customers. These unpledged securities are collected and segregated in this department for various reasons: Investors in the wheat states, the cotton states, or in any other group of states, where new wealth is created or profits accrue from business enterprises, purchase bonds and stocks in this market for investment indirectly through their local banks, and request that the securities be held here. Customers ship their

bonds and stocks to New York so as to have them in the market when they desire to sell.

Country banks, having used their bonds as collateral to loans in New York, request their correspondents to hold the collateral subject to possible future hypothecation. Again, country banks keep their high-grade and readily marketable bonds, known as their Second Reserve, with their New York correspondents; and the Bond Departments of the great banks of Chicago, and of London and Paris buy and sell securities in this market; their New York correspondents attending to all the details, and retaining physical possession of the securities.

This department has grown and expanded to such an extent that it is now the custodian of anything of value. Mining stocks with a questionable past or possible future prospects, jewelry, secret processes for the reduction of crude rubber and the manufacture of steel, and formulae for patent medicines, the obligations of China and Japan and of our neighbors in America del Sur, the Consols of the United States Government—all are in this collection. Truly it is a field of daily activity over the values of which our bulls and bears are constantly struggling; a graveyard for stocks and bonds that are beyond all hope of resurrection.

Receipt of Securities.

In order properly to safeguard these securities, thereby protecting the bank as well as the owners, it is imperative that they should have the most careful attention when they are received at the bank. The method of issuing a receipt and checking the securities before placing them in the vault is the best guarantee of their future safety. Upon arrival at the bank the securities are examined and counted by a clerk in the Securities Department, who thereupon issues a receipt over his countersignature, entering the description in the stub of a receipt book kept for this purpose. This book is then passed to an officer of the bank, usually the Assistant Cashier, in charge of this department, who, upon comparing the receipt with the stub, signs both. The receipt is then detached from the stub, copied in the press, and delivered or forwarded to the owner.

The possession of the receipt as evidence of ownership of securities deposited for safekeeping obviously is important to the owner; but the words "not negotiable" that are printed in the margin of the receipt, make it useless for any other purpose; and the owner need not return the receipt when he disposes of his securities, although it is advisable so to do, in order that the bank may cancel and retain the receipt as a part of the record of the transaction. If the words "not negotiable" did not appear in the receipt, it would be possible to use it as collateral or endorse and sell it, and at the same time pledge the securities. This fraud is the counterpart of the scandalous practices with Bills of Lading for cotton shipments and warehouse receipts for grain with which unfortunately some banks are familiar. Having disposed of the receipt the clerk now enters a description of the securities on a card or envelope, including in this description the name of the owner, the date of the deposit, and the name of the depositor. He attaches this card to the securities and passes them to the head of the department, who signs on the stub of the receipt, and, after carefully comparing the securities with the description on the stub, places the securities in the vault.

The Assistant in this department, who acts as bookkeeper in these transactions, "posts" from the stub of the receipt book a record of the transactions in the "ledger." He has no access to the securities after they have been placed in the vault, and the head of the department makes no entries in the record. Fully to appreciate the importance of this plan we must bear in mind that when the receipt book is placed before an officer of the bank for signature, this officer carefully compares the stub with the receipt, signing both the stub and the receipt. Further, he knows that the head of the department will receive the securities as described on the stub, and that the Assistant will enter in his book from the stub the record of the transaction. Thus, the correctness of the receipt for the customer, the record of the transac-

tion for the book, and the safe custody of the securities in the vault, are directed and controlled by an officer of the bank.

Periodical Examination of Securities.

This careful attention to details not only protects the bank and its customers, but it simplifies the work of the periodical examination ordered by the Board of Directors. Inasmuch as the securities held in this department are not the property of the bank, they are not subject to examination by either the Clearing House or the National Bank Examiners, although National and State Examiners of country correspondents inquire if securities are held and under what conditions. The Board of Directors, however, orders a most rigid and searching examination of all departments. This is usually done once a year by a firm of chartered accountants.

In examining the securities held for safekeeping, the accountants count the securities, and compare the number and amount held with the book of record and then take a transcript of this book. They, thereupon, write to all the correspondents and depositors of the bank asking for a list of securities on deposit, if any, and the replies are checked from the transcript. This method of examination is probably as complete as any that could be devised.

Withdrawal of Securities.

When the securities are withdrawn the head of the department enters the name of the owner, a description of the securities, and the amount in a book, and the Assistant receipts for the securities in this book, and then makes an entry of withdrawal in his ledger. Opposite this entry appears the receipt of the clerk in the department who disposes of the securities by shipment or otherwise, or the receipt of the owner or his representative who sometimes calls in person for his property.

Securities when withdrawn in accordance with instructions from the owners are usually held as collateral to loans or disposed of by sale or shipment.

When held as collateral the securities are transferred to the Discount or the Demand Loan Department, and are returned to the Securities Department upon payment of the loan. When held as collateral or when sold the owners receive the proceeds of the discount or the sale in the form of a credit on the books of the bank.

If shipped or delivered to brokers without payment the owners receive an acknowledgment from the consignees.

Responsibility of Bank.

In the vaults are envelopes that have often been sealed before reaching this department, but which have a description of the contents on the envelope. The receipt for such sealed envelopes then reads: "Sealed envelope said to contain," followed by the description on the envelope. These envelopes frequently contain wills, contracts and legal papers. It is hardly necessary in addressing a group of banking men to call attention to the obvious fact that the contents of such envelopes do not necessarily agree with the description, and that a sealed envelope or package, therefore, should not be used as collateral to a loan, or as security to advances of any kind. This caution may seem unnecessary, but bankers in Ohio, rated as shrewd men in their profession, were victimized some years ago by means of a sealed package said to contain valuable securities.

The method of depositing and withdrawing securities outlined in this paper fully protects the customers, but it must not be assumed that the bank holds itself accountable for the genuineness of the bonds and stock, or guarantees the owners against loss. The bank, in fact, agrees to exercise the same care with this property that it does with its own, but declines to assume further responsibility.

The position of the bank is clearly outlined in the receipt in which the bank agrees to accept the securities without compensation, but subject to certain restrictions as to the responsibility assumed. Exception has been taken in some instances to this restrictive form of receipt. Occasionally a corre-

spondent expects its New York bank to assume full responsibility, but yields to the logic that, inasmuch as the securities are held without charge, and then only as an accommodation, such a request is unreasonable.

Other Work of Securities Department.

If issuing receipts and making entries in the record were the only details, the work involved in the safekeeping of securities, measured against the great volume of stocks and bonds held, would be insignificant. Though safely lodged in the vault the securities still must have close and constant attention.

The coupons from the bonds, maturing as a rule semi-annually, are detached automatically as they mature, the coupons collected and the proceeds placed to the credit of the owners. The clipping of coupons from a certain number of bonds in preparation for collection on the first of the month is a daily occupation. The bonds, at maturity or when called for payment before maturity, are credited in precisely the same manner as the coupons.

Careful correspondents keep a record of these maturities and request the New York bank to collect; but the correspondents find that this request is unnecessary, for the New York bank mails promptly on the day of collection an advice of the credit.

New issues of bonds are placed upon the market in temporary form and the Certificates are subsequently exchanged for the definitive bonds. An unfortunate railroad falls into the hands of a Receiver, and the details required of the safekeeping department in exchanging the securities during the reorganization are numerous and varied.

Stock Certificates, usually delivered in negotiable form, must be registered in some name. If the corporations represented by these units of ownership pay dividends on their stock, and, if the owner expects to sell, he requests that the Certificates be registered in a name controlled by the bank and held subject to his order.

The bonds and stock must pass expert scrutiny and all signatures and seals carefully examined. The bonds must be "clean" and the stock a "good delivery."

These details are multiplied by escrow transactions. Securities held in escrow are, as a rule, placed in the Securities Department by two parties to an agreement or contract, and released when the conditions have been fulfilled. A firm orders the construction of an office building, and agrees to pay the contractors \$25,000 a month during the erection of the building until the full amount shall have been paid. The builders, demanding something more substantial and concrete than the signature of the firm, stipulate that the firm deposit, with a bank, securities whose market value at present quotations is equal to the amount of the contract. At the end of the first month, upon payment by the firm, the builders authorize the bank to release to the firm \$25,000 in securities, and this process is repeated until the contract is fulfilled.

At the end of the Metropolitan Opera House season a number of operatic stars agreed to sing in the South and West under guarantees from the promoters in the cities they were engaged to visit. These guarantees were furnished in the form of certified checks deposited with a New York bank in escrow, and these checks were delivered to the singers when they had fulfilled their contracts.

New York a Center of Security Holding.

The National Bank Examiners throughout the country, fully conversant with the reasons for holding securities in New York, are satisfied with the lists furnished by the New York banks in response to inquiries. Sometimes, however, a vigilant State Bank Examiner, unfamiliar with actual conditions, and anxious to make a record, expresses surprise, often alarm, at the large amount of securities held in New York, and seeks some means of protecting the banks in his State and of limiting the control exercised by the metropolitan banks.

The State Bank Examiner of California recently endeavored to secure from the New York banks an acknowledgment of liability for securities held in New York for safekeeping for the State Banks of California, and an agreement not to use the bonds for

any purpose save with the consent of the bank for whose account the bonds were held.

To assume liability for a gratuitous service is contrary to common sense, and obviously the New York banks should reserve the right to hold securities to protect an overdraft. The great bulk of these securities must be kept in New York, and the amount on deposit will be constantly increased. Securities of all kinds find their way to New York in obedience to economic laws that are as unyielding as the natural law of gravitation. Occasionally a treasurer of some Western State, ignoring this condition, orders that a new issue of local bonds and coupons be made payable at the principal financial city in his State, but he is chagrined to find that the subscription for the bonds is restricted to the investors in his territory, and even if the flotation bids fair to be successful, the holders soon find that the demand for their bonds is limited.

The large bank in the interior and the small investor in every part of the country, want bonds that are known and payable in New York; bonds that are quoted; bonds that can be used as collateral. They want their bonds payable in New York and they want their bonds held for safekeeping in New York because New York is the market. The banks in this city, therefore, are confronted with a condition. The securities are constantly accumulating in their vaults. By establishing a special department with a complete checking system, thus giving their customers the benefit of every safeguard, the banks have met this situation; and, although the maintenance of this department is costly, the banks have not, except in a few special cases, charged for this service.

Trust Companies do make a handsome profit from this class of business, but the securities held by Trust Companies belong to private investors rather than to country banks.

The Liability of a Bank.

The liability of the New York banks in complying with instructions from their correspondents to receive securities for safekeeping and as collateral to loans may best be illustrated by the recital of a concrete case: The Clinton, Conn., Bank arranged directly with Quigley & Tuttle, a firm of brokers in New York, for a demand loan of \$5,000, secured by \$7,000 City of Davenport bonds, and instructed the Park Bank to receive the note and bonds for safekeeping and to deliver its draft to the firm in exchange. The Securities Clerk in the Park Bank examined the bonds, compared them with the description in the letter from the Clinton Bank, and, as they "purported to be" the securities described, he delivered the draft and placed the bonds in safekeeping as directed.

The loan ran for two years, Quigley & Tuttle always paying the interest a few days in advance by check, but at the expiration of that time the insolvency of the firm led to the disclosure that they had forged a large number of Davenport bonds, among which were those held for the Clinton Bank.

In the suit subsequently brought, the Clinton Bank claimed that the Park Bank as a matter of law was liable because it did not receive genuine bonds, and, if not so liable, at least was guilty of negligence in not making sufficient examination or inquiries.

The Park Bank proved that it had conducted the transaction in the same manner in which hundreds of similar transactions are negotiated daily by New York banks, and had used due diligence in examining the bonds and comparing them with the description contained in the letter from the Clinton Bank.

Further, the Park Bank claimed that the transaction was one of confidence, and, moreover, that the Clinton Bank in sending Quigley & Tuttle to the Park Bank had vouched for the firm.

In charging the jury, the judge called attention to the legal principle, that, where a loss must fall on one of two innocent persons the one who set in motion the third person who committed the fraud, is generally the one to suffer.

The Park Bank won the case and the verdict was sustained upon appeal. This case established the precedent that New York correspondents, in following instructions from country banks to receive and

hold securities, are released from liability for the genuineness of the securities, if they can show conclusively that they followed instructions and used due diligence in examining the securities delivered.

Such frauds might not be prevented, but they certainly would be detected within a reasonable time, if the bank making the loan attended to the collecting of the coupons from the bonds held as collateral, sending a draft to the borrowers in payment of the coupons. But such action would be resented by many reputable houses.

The general principle involved in the case of Quigley & Tuttle applies with equal force to securities held without payment for safekeeping and to loans negotiated directly with brokers, without compensation, by the New York correspondents. Each case would have to be decided on its merits and the decision would be influenced by special circumstances and the precise terms of any letters on the subject, always assuming that the New York correspondent could show the exercise of good faith.

Bank Development.

The modern national bank is a development of the times—an institution required by big business. It has a number of departments unknown to the past generation of bankers, each in charge of a man who has specialized in a branch of the work and all dependent upon one another in their relation to the bank as a unit.

The large metropolitan banks are now international in their scope; they not only make advances to the business man, furnish the funds to move the crops and finance the railroads of the country—thus constantly renewing our industrial life—but with their credit and their golden eagles they play an important financial part, and indirectly a political part, in the affairs of Europe and Asia.

FUNDAMENTAL POINTS IN WELFARE WORK.

By Henry L. Rosenfeld, Assistant to the President of the Equitable Life Assurance Society of the United States—A Paper Especially Prepared for the Correspondence Chapter of the American Institute of Banking.

AFTER years of struggle and stress, after millions have been wasted in lack of understanding between employer and employee either through discontinuance in the employ on the one hand or discharge on the other, after labor wars, strikes and lockouts have played their part to delay progress and promote discontent, we have suddenly come to appreciate a simple truth, namely, that in dealing with the human element as in dealing with the mechanical element, "an ounce of prevention is worth a pound of cure."

To carry the comparison further between the mechanical and the human we have come also to understand that wear and tear of trade and commercial life in its every expression and in its every phase, is as largely a trade cost when it applies to the human element as when applied to the mechanical element. Witness the tremendous change of our business mind in respect to workers injured or killed in trade, now exemplified in Workmen's Compensation Laws. These Workmen's Compensation Laws have descended upon us almost over night. There is no parallel in American legislative life. A great tidal wave has carried in on its crest the idea that a trade should compensate its injured and killed workers humanely and fairly with the moneys heretofore used in fighting the injured, the maimed and the dependent in the courts.

What is the why behind all this? It is the spirit of growing understanding between capital and labor, between employer and employee, that their cause is not a hostile one but the common cause of human progress: social, economic and commercial. It would be folly to claim that we have done more than to appreciate the first great elements of the problem, that we have advanced beyond an initial step in the direction of a mutual understanding and a mutual respect through mutual interest mutually guarded. But we are taking the initial steps. And it isn't the size of the step that counts so much as it is the direction in which it is taken.

During the past few years the Society with which I have the honor of being associated as an officer, foreseeing this necessity of our changing times, inaugurated a department for the promotion of welfare work. Life insurance companies through their organizations are kept in intimate touch with the minds of men and are manned with actuaries and statisticians with specialized equipment, human and mechanical, for dealing with these problems. Analyzing the field for promoting efficiency by improving the social and economic condition of individual workers through the simple process of attempting to eliminate preventable distress, three great dangers appear to threaten the pay envelope. They are: (1) Death, (2) Disability, (3) Old age. The order named is fixed in the order of importance. Death, for example is placed first because it is an inevitable event that must happen to all. It threatens the existence of the young worker as well as the old, though not to the same extent. Disability is rated second because it is a contingency that may temporarily, by sickness or severe injury, take away the entire earning capacity, and in some cases permanently take away the earning capacity. In many other cases such as the loss of a limb a person may become partially disabled so as to reduce his earning capacity temporarily. Old age is stated last in order because it is not given to all workers to become old.

What then is the solution to be offered for the elimination of preventable distress from these causes?

Heretofore the solution was not plain or satisfactory as regards the death problem. A requirement that an acceptable medical examination is a sine qua non for life insurance meant that from 10 to 20 per cent. of the whole would be kept from the beneficence of life insurance. Among the rejected lives would be employees who needed insurance most because less able physically to qualify for it. Moreover the placing of individual policies and the payment of premiums as required for individual insurances was an onerous burden. Trying to solve the problem by individual policies upon the lives of employees who proved acceptable, by means of those plans which under the accumulation of large reserves provided for cash surrender values, with the consequent difficulties of adjustment in the event of discontinuance, especially where the employee had paid nothing toward the premium, proved too complicated, too costly and too exclusive.

To meet this situation Group Insurance was devised. During the past year thousands of lives have been insured under the Group Plan. In a word the Group Plan is an inclusive plan to deal with the employees as part of the aggregate rather than as units in themselves. By Group Insurance an employer in practically all States can insure all employees without medical examination, provided that the number of employees is sufficient to warrant this liberality and that the class of employees, their standard of living, the nature of their work, the absence of physical hazards of their surroundings justify such liberality. I said in practically all States, because there are some States which have laws ante-dating Group Insurance which require some form of medical selection. Great economies achieved in avoiding medical examination, eliminating large acquisition expenses, eliminating the cost of writing individual policies—with consequent individual notices of premiums due and necessity for making individual collections—are all factors contributing to an economy of cost not possible to achieve under any other plan. The insurance is based on the purest form of term insurance protection and automatically terminates with the

termination of employment. Premiums are not increased to carry terminal reserves. No adjustment is necessary when an employee discontinues in the way of surrender values, since no sum has been charged for such purpose. Premium costs of this insurance vary according to the sums exposed at the different ages of the workers. To make an accurate quotation it is necessary to have a census showing the age of each worker and the amount of insurance desired upon each life.

Among the many groups now on hand it is found that a gross premium estimate of about one and one-half per cent. (1½%) of the payroll is sufficient in most cases to insure employees to the extent of one year's wage. Usually a limit of participation of about \$3,000 is fixed, so that all employees receiving less than \$3,000 are included for the amount of one year's salary and those receiving \$3,000 or more in annual salary are included for \$3,000 insurance. Premiums are on the participating plan, which means that at the end of each year premium refunds will be made in the form of annual dividends in such amounts as the experience of the class will justify.

To pass from Group Life Insurance, the second contingency in order is indemnity for disability from sickness or accident, either temporary or permanent. This is a matter which is now receiving the attention of legislatures in several States and in many other States has already been enacted into laws. Such laws determine the amount and the conditions under which a worker is entitled to compensation. The compensation idea from a welfare standpoint is much bigger than the best of the compensation laws because the idea itself is capable of great expansion. It may be extended beyond the terms of the law where it is desired to so extend it, or it may be extended to classes of workers not covered by the law for the same underlying good reasons that have given being to these laws. This can best be done by recourse to casualty insurance companies.

The third consideration, superannuation, rounds out a complete welfare program. Superannuation necessities are best covered by the pension idea. This idea has grown somewhat out of its importance in the entire program of welfare work, because up to this time it has been practically the only plan in the popular mind to help employees take care of themselves. In reality an employee is better qualified to take care of old-age necessities than any other of his necessities—this for the reason that necessities caused by death or disability are not contemplated. There can be no surprise about old-age necessities.

Pensions are an important phase in any complete welfare program. In the absence of a complete program they are probably the third step to be considered. An employer's first obligation is naturally to the active workers of his administration. The contingencies that bring distress into his establishment now are the things that concern him primarily. Pensions, excellent though they are, are comparatively sentimental in the fact that they are planned for the men no longer active in the work and in many cases represent the responsibilities of previous managements.

This thought has given vogue to Group Life Insurance immediately upon its announcement as the plan of recognizing present duty and present protective requirements. Where pension plans have already been at work Group Life Insurance had been eagerly sought to supplement these pension plans in the important particular of attending to your present efficient workers as well as your obligations to those out of your employ by superannuation. Others having no welfare plans have adopted Group Life Insurance as being the basic form of welfare work—as being the one thing that covers immediate contingency that hangs more or less heavy over the head of each employee, young or old in age or service. Already men who have adopted the Group plan have achieved results with it that have justified them in going further, and many are planning the installation of pension plans or of other plans in supplement to Group Life Insurance. Group Life Insurance can serve either in substitution of other plans or in supplement to them, but however applied it meets the living now of present necessity.

PRACTICAL ECONOMICS.

By James R. St. John, of the Bank of Winchester, Idaho.

I HAVE taken a good deal of work along economic lines and a course in banking given by a college, but am frank in saying that I have obtained more real PRACTICAL good from the Institute course than all the rest put together. Whether this is due to the fact that by correspondence I had to dig it out for myself and consequently did more work than by classroom instruction, or because I took the banking course for the knowledge alone and not because it was "required." I believe, however, that the secret of the difference is just this: the course given under the auspices of the Institute Section of the American Bankers' Association was written from the standpoint of a practical teacher and contains a maximum of daily value with a minimum of theory. Possibly the best thing I obtained out of the course is a broader outlook on the field of banking, as it has opened my eyes to the many influences affecting the banking business.

NEW FELLOWS OF THE INSTITUTE.

Result of a Vote Taken by Mail by the Executive Council.

PITTSBURGH—H. E. Hebrank and J. Howard Arthur.
BALTIMORE—Adrian J. Grape.
BOSTON—R. H. Bean, L. A. Frost, Perceval Sayward, H. E. Stone, A. O. Yeames and R. A. Whittier.
CHATTANOOGA—A. M. Dickerson.
CHICAGO—John W. Rubecamp and H. S. Smale.
CINCINNATI—J. P. H. Brewster.
CLEVELAND—W. H. Finley.
DENVER—G. A. Askling.
DETROIT—Irving H. Baker.
JACKSONVILLE—Edwin T. Schenck.
MILWAUKEE—J. H. Daggett.
MINNEAPOLIS—C. E. Searle and George E. Struthers.
NEW ORLEANS—John Dane, R. H. Palfrey and F. L. Ramos.
NEW YORK—A. W. Hudson, W. C. Hutton, G. P. Kennedy and G. L. Pegram.
OAKLAND—A. E. Caldwell, R. D. Corlett, J. Davidson, J. E. Gustafson, L. H. Heacock, R. K. Johnston, H. A. Merrill and S. C. Scott.
PHILADELPHIA—F. C. Eves and W. A. Nickert.
ROCHESTER—Fred. Mutschler and F. M. Simpson.
SALT LAKE CITY—Charles R. Mabey.
SCRANTON—W. B. Kramer.
SEATTLE—R. H. MacMichael.
ST. PAUL—Frank Delaney.
WASHINGTON—C. H. Doing, Jr.

ARTICLES OF ASSOCIATION.

A COMPLETE form of Articles of Association for Clearing Houses in smaller towns and cities will be sent on request by the Secretary of the Clearing House Section. These articles cover practically every need of such Associations, but they are especially designed to be used until such time as local conditions or needs will indicate in what particular detail they need to be altered or extended. The original draft was prepared by General Counsel Paton and was subsequently approved by the Executive Committee of the Clearing House Section.

VIRGINIA BANKERS' ASSOCIATION.

ON the occasion of the Twentieth Annual Convention of the Virginia Bankers' Association at the Hotel Chamberlin, Old Point Comfort, June 19th, 20th and 21st, it is probable that the Association will make a side trip by boat to Washington, D. C.

BANK ORGANIZATION

BANKING INSTITUTIONS THAT MAY BE ORGANIZED IN NEW YORK STATE—PRINCIPAL LEGAL REQUIREMENTS—POWERS—RESTRICTIONS—DISTINGUISHING CHARACTERISTICS

IN CONNECTION WITH LECTURE GIVEN BEFORE NEW YORK CHAPTER. CHART PREPARED BY J. A. BRODERICK AND I. V. SCOTT.
(Note.—For full text of Sections quoted, reference should be made to National Bank Act or State Banking Law.)
(See Pratt's Digest National Banking Laws. Parker's or Paine's New York State Banking Law.)

	NATIONAL BANKS	STATE BANKS	TRUST COMPANIES	SAVINGS BANKS
1. ORGANIZED UNDER	National Bank Act.	New York State Banking Law.	New York State Banking Law.	New York State Banking Law.
2. SUPERVISING AUTHORITY	Comptroller of Currency, Washington, D. C. (Sec. 324). Term of office five years.	Superintendent of Banks, Albany, New York (Sec. 8). Term of office three years.	Superintendent of Banks, Albany, New York (Sec. 8).	Superintendent of Banks, Albany, New York (Sec. 8).
3. POWERS	<ol style="list-style-type: none"> 1. Transact, Discount and Deposit business. 2. Issues Banknotes—on deposit of United States Bonds. Each bank must keep with the Treasurer of the United States a Redemption Fund equal to five per cent. of its outstanding notes. 3. Sec. 5135 U. S. R. S. enumerates powers principal: a. Power to discount. b. Receive deposits. c. Loan money on personal security. d. Issue circulating notes secured by U. S. Bonds. 4. Depositories for U. S. Government Funds (Sec. 5153). 5. Reserve Agent for National Banks (Sec. 5191-2). 6. May hold real estate for own use, or if taken for debt, for a period not exceeding five years (Sec. 5137). 	<ol style="list-style-type: none"> 1. Transact, Discount and Deposit business (Sec. 68). 2. May issue Bank Notes, on deposit of bonds of United States, New York State, County or incorporated city, or bonds and mortgages on improved unencumbered real estate, not more than seventy-five per cent. more than amount loaned to the extent of ninety per cent. of market, but not more than ninety per cent. of par value (Sec. 83). Ten per cent. tax imposed by National Government makes this power obsolete. 3. May be depositories for Postal Savings Funds upon deposit of satisfactory security. 	<ol style="list-style-type: none"> 1. Transact, Banking and Deposit business (Sec. 186). (Discounting sanctioned by custom.) 2. No Power. 	<ol style="list-style-type: none"> 1. No discounts. Receives money on deposit. Pays interest. 2. a. Makes investments as prescribed by law (Sec. 146). b. May loan upon savings bank standard collateral (Sec. 148).
Branches	<ol style="list-style-type: none"> 7. No branches unless converted from State Bank already having branches. Capital divided evenly between branches (Sec. 5155 U. S. R. S.). 8. No Power. 	<ol style="list-style-type: none"> 9. In New York City—Capital \$100,000 required for each branch with approval of Superintendent of Banks (Sec. 109). 10. No Power. 	<ol style="list-style-type: none"> 9. May act as Fiscal Agent, Transfer Agent, Administrator, Guardian, Committee or Depository, or accept any legal trust (Sec. 186). 10. Secs. 187-8 give special powers to certain trust companies to do safe deposit and title insurance business. 11. Open branches with approval of Superintendent of Banks. Capital required for each branch (Sec. 186). 12. Trust Companies having capital, surplus and undivided profits of \$500,000 may have branches in foreign cities (Sec. 186). 	<ol style="list-style-type: none"> 2. Loan on Bond and Mortgage (Sec. 146). 3. Same as State Banks. 4. Same as State Banks. 5. Invest in Bonds, subject to restrictions (Sec. 146). 6. No Power.
Foreign Branches				

4. ORGANIZATION

NATIONAL BANKS

1. Application to Comptroller of Currency signed by at least five prospective shareholders, executed by three of them, and countersigned by the President and Secretary (Sec. 5133 U. S. R. S.).
2. Execute Articles of Association. Must specify object: a. Name, b. Location. c. Number of directors. d. Election of Directors. e. Capital Stock—to be executed in duplicate, one copy filed with Comptroller and the other with provisions not inconsistent with the law (Sec. 5133 U. S. R. S.).
3. Organization Certificate must state: a. Name. b. Location. c. Capital and number of shares. d. Names and residences of stockholders and number of shares held by each, etc. (Sec. 5134 U. S. R. S.).
4. Election of Directors (Sec. 5145 U. S. R. S.). (See qualifications of directors.)

5. Oath of Directors—That they will perform their duties and that they own unpledged the number of shares required by law (Sec. 5146 U. S. R. S.): 10 shares if capital over \$25,000; 5 shares if capital \$25,000. Sale or hypothecation of these shares disqualifies director and vacates his place (Sec. 5146 U. S. R. S.).
6. Certificate of President or Cashier relative to payment of capital stock and in compliance with other legal requirements (Sec. 5140).
7. Deposit of Bonds with Treasurer of U. S. (Sec. 5159).
8. Examination by Comptroller to see if law has been complied with (Sec. 5168 U. S. R. S.).
9. Certificate of Authority issued by Comptroller of Currency to do business for twenty years from date of organization certificate (Sec. 5169 U. S. R. S.).
10. Publication of Authorization (Sec. 5170).
11. Oath of Publication—filed with Comptroller.

STATE BANKS

A. Informal Conference with Superintendent.

1. Designation of newspaper by Superintendent of Banks—in which to publish notice of intention to organize. Publish once a week for four weeks (Sec. 61).
2. Notice of intention to organize to be sent to each bank in city or town fifteen days prior to filing organization certificates (Sec. 61).

3. Proof of Publication and service of Notice filed with Superintendent (Sec. 62).

4. Certificate of Organization executed in duplicate, stating: a. Name of institution. b. Location. c. Amount of Capital and number of shares. d. Names and residences of stockholders and number of shares held by each. e. Dates at which corporation shall commence and terminate. f. Number of directors and names of stockholders to be directors for first year. g. Clerk copy filed with County Clerk and the other with Superintendent of Banks (Sec. 60).
5. Examination by Superintendent: 1. As to character, fitness and financial responsibility of incorporators. 2. As to the need for additional banking facilities in the community which it is intended to serve (Sec. 63).

6. Affidavit of payment of Capital Stock filed with Superintendent of Banks.

7. Certificate of Authorization issued or refused within sixty days of filing of organization certificate. One copy to Superintendent of Banks, other to County Clerk (Sec. 63).

TRUST COMPANIES

A. Same as State Banks.

1. Same as State Banks.
2. Notice sent to Trust Companies (Sec. 131).

3. Same as State Banks (Sec. 132).

4. Certificate of Organization (Sec. 130). Same as Banks—a. to e. f. Declaration that each member will fulfill discharge duties as director if elected.

5. Same as State Banks (Sec. 133).

6. Certificate of Authorization (Sec. 134) must begin within one year, and may be extended one year (Sec. 136).

SAVINGS BANKS

A. Same as State Banks.

1. Notice of intention to organize. Publish once a week for four weeks (Sec. 131).
2. Notice sent to each Savings Bank in county (Sec. 131).

3. Same as State Banks (Sec. 132).

4. Certificate of Organization must state: a. Name of bank. b. Location. c. Names and residences of incorporators. d. Names and residences of stockholders. e. Trustees must file bond agreeing to pay expenses and three and one-half per cent. interest on deposits until the bank earns enough to do so (Superintendent's ruling).

5. Same as Banks (Sec. 133).

6. Certificate of Authorization (Sec. 134) must begin within one year, and may be extended one year (Sec. 136).

8. Must file receipt of State Treasurer for organization tax—1/20 of one per cent. on capital stock (Chapter 48, Laws 1911).

SECURITIES DEPOSITED

1. Must deposit with Treasurer of U. S. United States bonds to extent of one-fourth of capital, and if capital is less than \$100,000, must deposit at least \$50,000 in bonds (Sec. 5167 U. S. R. S.).

NATIONAL BANKS

STATE BANKS

1. Before commencing business must deposit \$1,000 United States or New York State bonds, State or National, in accordance with Banking Law (Sec. 76).

TRUST COMPANIES

1. Trust Companies must deposit with Superintendent of Banks as security for depositors and creditors, cash or bonds of equal amount equivalent to 10 per cent. of capital stock; Not less than \$100,000 if population is over 500,000; not less than \$50,000 if population is over 100,000; not less than \$30,000 if population is over 50,000; not less than \$10,000 if population is under 25,000. Must be United States, New York State, City, County or Town bonds; or with the approval of the Superintendent it may be in bonds and mortgages on improved unencumbered real property with 25 per cent. more than the amount loaned (Sec. 14).

SAVINGS BANKS

5. DIRECTORS OR TRUSTEES

a. QUALIFICATIONS

- Citizenship
Residence

Stock Ownership

Quorum

Term of Office

Special

1. Thirteen or more Trustees (Sec. 130).

1. Not less than thirteen or more than thirty Directors (Sec. 180).

1. Must be citizens (Sec. 69).

1. No provision as to citizenship.

2. Three-quarters of directors must reside in State where bank is located at least one year before election.

2. At least three-quarters of the directors must be residents of this State at the time of their election and during their continuance in office (Sec. 69).

2. No provision as to residence.

3. Capital \$25,000, directors must own free from pledge five shares of stock. If over \$25,000, must own ten shares (Sec. 5146 U. S. R. S.).

3. Capital \$50,000, must own stock to value of \$1,000. Under \$50,000, \$500 is sufficient. Must be free from pledge (Sec. 69).

3. Directors must own ten shares free from pledge (Sec. 135).

5. One year, or until successors are elected and qualified.

2. a. Residents of New York State (Sec. 131).
b. Two-thirds must be residents of county in which bank is located (Sec. 130).
c. One-fifth of board may be residents of adjoining State.

4. One-third of Directors, but not less than seven (Sec. 139).

3. No Stock. Mutual. All surplus belongs to depositors.

6. Trustee must not have any unsatisfied judgment against him for over three months. Must not have taken advantage of bankruptcy or insolvency (Sec. 137).

6. CAPITAL REQUIRED

1. \$25,000 where population is less than 3,000; \$50,000 where population is less than 6,000; \$200,000 where population is less than 50,000; \$200,000 where population is over 50,000 (Sec. 5138).

1. \$25,000 population less than 2,000; \$50,000 population less than 3,000; \$100,000 elsewhere (Sec. 60).

1. \$100,000 where population is less than 25,000; \$150,000 where population is less than 100,000; where population is less than 250,000; \$500,000 elsewhere (Sec. 180).

2. Fifty per cent. in cash. Balance in five monthly payments of one-fifth monthly (Sec. 5140).

2. All in cash before starting business (Sec. 68).

2. All in cash before starting business (Sec. 184).

Stockholders' Liability

3. In case of a deficiency in liquidation, stockholder is liable to assessment to the extent of the par value of stock owned (in addition to amount invested).

3. Same as State Banks (Sec. 196).

1. No capital. Mutual savings. All surplus belongs to depositors.

- 1864 having capital of \$5,000,000 (Sec. 5151).

7. RESERVE REQUIREMENTS

Percentage of deposits to be carried in lawful money.

1. Central Reserve Cities, 25 per cent. in cash.
2. Reserve Cities, 25 per cent. in cash, 12½ per cent. on deposit, Central Reserve City Banks, 12½ per cent.
3. Country Banks, 15 per cent. in cash, 10 per cent. on deposit, City Bank, 9 per cent. (or Central Reserve City Banks) (Sec. 5191-2).

Exemptions from Reserve Requirements

1. Due from other banks and bankers.
2. Exchanges for clearings.
3. Notes of other National Banks.
4. Due from Treasurer of U. S.

Legal Exemptions

No reserve is required against circulating notes, except 5 per cent. Redemption fund. No reserve required against public (United States) deposits (Act May 30, 1909).

8. INVESTMENT OF CAPITAL, SURPLUS, ETC.

9. RESTRICTIONS

1. Loans. May lend to any one person or corporation up to 10 per cent. of capital and surplus, but not to exceed 30 per cent. of capital and surplus (not include undivided profits) (Sec. 5200, as amended 1906).
2. Real Estate Loans not permitted (Sec. 5137).

TRUST COMPANIES

SAVINGS BANKS

1. Manhattan Borough, total, 25 per cent.; cash, 15 per cent.; with reserve depositaries, 10 per cent.
2. Brooklyn, total, 20 per cent.; cash, 10 per cent.; with reserve depositaries, 10 per cent.
3. Bronx, Queens and Richmond Counties, total, 15 per cent.; cash, 7½ per cent.; with reserve depositaries, 7½ per cent.
4. Elsewhere, total, 15 per cent.; cash, 6 per cent.; with reserve depositaries, 9 per cent. (Sec. 67).

National Bank notes may be carried as Reserve by State Banking Institutions.

1. Due from other Banks and Bankers.
2. Exchanges for clearings.
3. Collections.

1. Time Certificates of Deposit not due within thirty days.
2. Deposits secured by unmaturing State of New York or New York City Bonds.
3. Amount invested in New York City and State bonds held at market but not exceeding par value (Sec. 67).
4. Trust deposits not payable within thirty days (Sec. 193).

Capital must be invested in:

1. Stocks or Bonds of New York City, New York State, United States, or any county or incorporated city of this State.
2. Bonds and mortgages on unencumbered real property in New York State not exceeding 60 per cent. of the value of the property (Sec. 193).

Section 146 makes provision for Investment of Funds in Bonds or Bonds guaranteed by United States.

2. State and Municipal Bonds subject to certain restrictions.

3. First Mortgage on Real Estate in this State up to 60 per cent. appraised value on improved and productive property; 40 per cent. on unimproved and unproductive property and Railroad Bonds subject to certain restrictions.

4. Loans. No loans upon bills, notes or personal security (Sec. 150).

2. Mortgage loans, not more than 65 per cent. of deposits (Sec. 146).

9. RESTRICTIONS—Continued.

NATIONAL BANKS

3. No Branches unless converted from State Institutions (Sec. 5165).
4. Must not loan on or purchase own stock (Sec. 5201).

Loans outside of Manhattan Borough:

- a. Unsecured to any one person, firm or corporation up to 10 per cent. of capital, surplus and undivided profits.
- b. Secured to any one person up to 40 per cent.
- c. Total loans on Real Estate security not to exceed 25 per cent. of assets. Bank in village with population of 1,500 or less, and where there is no savings bank, may loan 40 per cent.

5. Must not loan upon security of own stock (Sec. 27).

6. No right to purchase or hold stock in private or other corporations (Court ruling) (except stock Safe Deposit Companies).

7. Stock in monied corporations held as collateral must not exceed 40 per cent. of capital of such other monied corporation (Sec. 27).

Loans to Officers, Directors, etc.

1. Same as to other borrowers.

10. REPORTS

1. Banks make not less than five reports each year under oath on verified statements to the Comptroller of Currency (Sec. 5211).
2. Must be published in newspaper where bank is located, or in nearest paper. Publisher's sworn certificate filed with Comptroller.
3. Comptroller makes annual report to Congress (Sec. 5212).
4. Minor reports provided for (Secs. 5210, 5211, 5215).

11. EXAMINATIONS
By Government Examiners

1. By National Bank Examiners as often as the Comptroller shall deem necessary (Sec. 5240 U. S. R. S.).

By Directors

2. Twice yearly during the months of April and October (At least three directors.) (Sec. 24.)

12. LIQUIDATIONS
Failures

1. Bank taken in charge by Comptroller of Currency, who appoints Receiver to liquidate Bank (Sec. 5234 and Sec. 5238, as amended June 30, 1876).

TRUST COMPANIES

3. All provisions in Section 27 of Banking Law are applicable to Trust Companies as well as to Banks.
4. Same.

a. Same.

b. Same.

c. Same.

5. Same as Banks.

6. May purchase stock in private corporations, but investment must not exceed 10 per cent. of capital, surplus and undivided profits (Sec. 193).

7. May not either own or lend upon stock of monied corporation in excess of 10 per cent. of the capital of such other corporation (Sec. 193).

1. No loan to any officer or director in excess of 10 per cent. of capital stock (Sec. 186).
2. Loans to officers and directors require consent and approval of a majority of Board of Directors (Sec. 186).

1. Same as State Banks.

2. Same as State Banks.

1. Same as State Banks.

2. Same as State Banks.

1. Same as State Banks.

SAVINGS BANKS

3. Railroad Bonds, not more than 25 per cent. of assets to be included in the investment fund. For further details, see Sec. 146.
4. Bank Balances, not more than 10 per cent. of deposits may be kept in cash and on deposit on other banks. The amount on deposit in any one bank or trust company must not exceed 25 per cent. of its capital and surplus (Sec. 148).

5. These funds may be loaned upon pledge of securities mentioned in Sec. 146.
6. Borrow money only with the approval of Superintendent of Banks (Sec. 152).

7. No power to issue certificates of deposit.

1. Trustees not permitted to borrow (Sec. 142).

1. Twice each year, as of January 1st and July 1st (Sec. 21).

1. Once each year by State Bank Examiners (Sec. 8).

2. Twice yearly by a Committee of directors, the first meeting on January 1st and July 1st each year (Sec. 157).

1. Same as State Banks.

	NATIONAL BANKS	STATE BANKS	TRUST COMPANIES	SAVINGS BANKS
12. LIQUIDATIONS—Continued. Voluntary	<ol style="list-style-type: none"> Requires vote of shareholders owning at least two-thirds of capital stock (Sec. 5220). Must be a solvent institution. 	<ol style="list-style-type: none"> May be liquidated by direction of stockholders with the approval of a two-thirds vote after notice to all stockholders (Sec. 5220). Also by sale of its assets under Section 16 of Stock Corporation Law. 		<ol style="list-style-type: none"> May be liquidated upon approval of two-thirds of whole number of trustees (Sec. 152-4).
13. MERGERS CONSOLIDATIONS	<p>Three Ways</p> <ol style="list-style-type: none"> May purchase assets of one institution and assume liabilities of one bank in voluntary liquidation. Increase capital stock of absorbing bank, (the increase being equal to the capital stock of liquidated bank). Place interested banks in voluntary liquidation. Organize new bank. Note.—No statutory authority. (See Pratt's Digest.) Authority by implication (Sec. 5229). 	<ol style="list-style-type: none"> Respective Boards of Directors execute merger agreement. Must be approved by Superintendent of Banks. Must also have approval of stockholders owning two-thirds of stock in all institutions interested. Must be published in newspapers (Sec. 36). 	<ol style="list-style-type: none"> Same as State Banks. 	<ol style="list-style-type: none"> No provision for merger.
14. CONVERSION National into State Banks or Vice Versa	<ol style="list-style-type: none"> State Banks into National Banks require two-thirds vote to convert. May retain branches, if any (Secs. 5154-5 U. S. R. S.). 	<ol style="list-style-type: none"> National Banks into State Banks: <ol style="list-style-type: none"> Requires authorization by Comptroller of Currency to dissolve association (Sec. 82). Majority of directors and owners of stock must execute certificate of incorporation as provided in Sec. 60. 	<ol style="list-style-type: none"> Trust Company may change to National Bank if not acting as executor or holding trust fund (Att'y. General Report, 1906, p. 521). 	
15. SPECIAL ADVANTAGES Over Other Institutions	<ol style="list-style-type: none"> Privilege to issue Bank Notes. Depositories for United States Government Funds. Reserved funds or funds of other National Banks. 	<ol style="list-style-type: none"> Capital required smaller than for National Banks and Trust Companies. Charter investment. No restrictions as for Trust Companies. Not required to purchase United States Bonds for circulation or security for deposits as the National Banks. Branches permitted (in New York City). Real Estate collateral accepted as security for loans, etc. Time drafts may be drawn payable in foreign countries. 	<ol style="list-style-type: none"> Smaller Reserve than either National or State Banks. Power to act as Trustee, Executor, Guardian, Depository, etc. Branches permitted. Real Estate Investments, etc. Same as State Banks. Same as State Banks. Trust Companies with capital and surplus of \$5,000,000 or over may open branches in foreign countries. Power to buy, hold and sell stocks in private and other corporations. 	<ol style="list-style-type: none"> Sole right to use the word "Savings" in New York State.



INSTITUTE CHAPTERGRAMS

ATLANTA.

By Reuben O'Flaherty.

T. W. TOWNSEND of the Fourth National Bank has been elected president of Atlanta Chapter to succeed G. C. McWhirter, who resigned on accepting the position of cashier of the Macon (Ga.) Clearing House. The new president is enthusiastic over the possibilities of the Institute and Atlanta Chapter is expected to show considerable growth under his administration.

Atlanta Chapter held its third annual banquet Saturday evening February 8th, in the large banquet hall of the Cafe Durand. About one hundred attended including a number of the officers and members of the clerical forces of the various Atlanta banks. The menu was excellent and the occasion thoroughly enjoyable as well as helpful.

William Hurd Hillyer, vice-president of the Atlanta Trust Co., presided as toastmaster and responses were made as follows: The "A. I. B. and the Numerical System," by John K. Ottley, vice-president of the Fourth National Bank; "The Expert in Banking," by A. P. Coles, vice-president of the Central Bank & Trust Corporation; "The Panama Canal and Its Effect on Business," by A. B. Simms, cashier of the Fulton National Bank; "Efficiency," by Haynes McFadden, secretary of the Georgia Bankers' Association; "Science vs. Luck," by G. C. McWhirter, cashier of the Macon (Ga.) Clearing House, formerly president Atlanta Chapter; "Atlanta Chapter," by T. W. Townsend, of the Fourth National and president of the chapter. There was also an interesting talk by Herbert Myrick, editor of the Orange Judd agricultural publications, on a plan of farm finance, similar to that in successful operation in France and Germany.

Atlanta Chapter and the Institute in general have a warm friend in Haynes McFadden, the invincible Secretary of the Georgia Bankers' Association, whose exceptional talent has made the Southern banker a public influence and a private gold mine.

BALTIMORE.

By Frederick O. Scherf.

ON the evening of January 28th, Treasurer B. Snyder, our friend from Philadelphia, traced for us the history of credits from the time when the Assyrians wrote their notes in cuneiform characters on clay and baked them in the sun, down to the present. Mr. Snyder thoroughly understands his subject, he handles it skillfully, and is enthusiastic about his work. We are always glad to have Mr. Snyder with us.

Saturday, February 15th, over 400 bank officers and clerks were present at our Eleventh Annual Banquet. Our president, Louis W. Jenkins, presided, and after a short and pointed speech introduced the toastmaster—Omar F. Hershey. In part, Mr. Hershey said: "I don't want to knock bankers; I don't have to, the Pujo Committee is attending to that. Besides, you know what President Wilson said about you. I should think you young men would be glad that you are only bank clerks. Your bosses seem to be in a pretty bad way. It is rather the fashion in this day to knock bankers generally and Baltimore bankers in particular. I don't believe in knocking; knocking never helps either the knocker or the knockee. No bank ever helped itself by knocking another bank. The same is true of a city. I should like to see every bank in Baltimore put over its doors—and I should like to see Baltimore city put over its gates—the sign: Welcome; come in without

knocking—go out the same way. . . . The mere fact that you gentlemen have formed an organization like this to take up the study of banking in the way you are taking it up, indicates that you realize that your business is a business that calls for the same kind of sound study and broad grasp that the study of law or medicine or any of the professions requires. . . . Seriously, I do not believe it is going to take you young bankers one hundred and fifty years to devise a decent currency system for this country; I do not believe it is going to take you a lifetime to discover that a clearing house is a public institution and not a private sanitarium."

Mr. Hershey then introduced Senator Duncan W. Fletcher, of Florida, whose topic was "Rural Credits." At the outset of his speech the Senator compared the monetary system of our country to a structure supported by three pillars—commerce, industry and agriculture. If one of these supports were to give way, he said, the whole system would crumble. Then he carried out his simile by pointing out that the agricultural interests were being treated unfairly. There are 12,000,000 persons in this country engaged in agriculture, and many of these are wealthy, possessing that most stable of all assets, land. The value of farm products last year amounted to \$9,500,000,000. Yet these farmers to-day are outlawed so far as credit is concerned. He declared that the time was fast coming when the country would not produce enough food for the people of the nation unless the farmers were given means of raising capital sufficient to carry on their work economically. His next point of attack upon the monetary system was the central reserve banks. These, he said, drained the money from the country districts, carried it into the cities and turned it over in short-term loans to Wall Street operators, to the consequent expense of the nation and the increase of the cost of living. His arraignment of the interlocking system, by which 18 financial institutions, he said, controlled \$25,000,000,000, was summarized in a picturesque way when he said that this directorate of 180 men has piled up \$25 for each minute that has elapsed since the birth of Christ.

The next speaker introduced was Congressman Carter Glass, of Virginia. At the beginning of his speech on "The Immediate Necessity of Currency Reform," he said: "America has the most barbarous monetary system of any civilized country in the world." He went on to say that almost every enlightened banker knew that reforms were imperative, but blamed them and the business men of the country for not demanding that Congress give its attention at once to the question. Like Senator Fletcher, he attacked the reserve bank system, urging the necessity of installing a substitute that would not tend to collect the privately owned funds of the nation in a few favored banking institutions. His program for reform he divided under four heads. First, he said, was needed a provision for rediscount that would enable banks to obtain fluid resources on short notice. Next, he pointed out a form of currency should be devised that would take the place of the bank note, which he characterized as "relics of the Civil War." He urged the distribution of government funds among the banks of the country instead of allowing them to remain dormant in the Treasury, and finally declared that more stringent oversight and inspection should be insisted upon for national banks. As a final message to the bankers, Congressman Glass declared that the Banking and Currency Committee of the House of Representatives, of which he is a member, felt that it would be able to give a large measure of reform in the next term of Congress in the currency laws.

Congressman James N. Curley, of Boston, next spoke on "The United States," and declared that the question of the tariff and the development of the merchant marine affected the country as much as did the question of the currency. When our country was weak financially and numerically, 92 per cent. of its shipping was carried in American bottoms. Today 92 per cent. of our shipping is carried in foreign bottoms.

The last speaker of the evening was Byron W. Moser, President of the American Institute of Banking. He congratulated Baltimore Chapter on the excellent work being done in Baltimore. He spoke of the growth of the Institute, and prophesied that problems would be discussed at the next convention in Richmond, in September, which will be the means of saving thousands of dollars to the banks.

"Auld Lang Syne" was sung just before midnight. The banquet was one of the largest held in Baltimore for a number of years. Quite a number of out-of-town guests were present, and we hope to see them all again next year at our Twelfth Annual Banquet.

Friday, February 21st, the triangular debate between Philadelphia, Washington and Baltimore was held. Subject—"Resolved. That the National Bank Act be so amended as to permit the establishment of branches." Baltimore was represented in Philadelphia by John Graham, of the National Marine Bank; Fred Thomas, of the National City Bank, and H. Clark Jones, of the Equitable Mortgage and Trust Company. This team upheld the negative side, and Gwynn Crowther and Everett P. Smith, of the Merchants' and Mechanics' National Bank, with Walter Katenkamp, of the State Bank of Maryland, argued for the affirmative in Baltimore. Neither one of the Baltimore teams were successful, but they are not discouraged. Never having debated before, they were raw recruits and they went up against seasoned veterans. Like the minute men at Lexington on April 19, 1775, they were defeated, but not conquered. They expect to debate again and win.

BIRMINGHAM.

By M. H. Sterne.

ANOTHER interesting and well-attended monthly meeting of the Birmingham Chapter was held on February 18th. R. H. Perry, formerly of Denver Chapter, now living in Birmingham, related some experiences of the Denver Chapter in a very interesting manner. Haynes McFadden, of the Southern Banker, Secretary of the Georgia Bankers' Association, was present as a visitor, and was called on for a talk. He spoke in high terms of the work of the American Institute of Banking and complimented Birmingham Chapter on the interest displayed. Henry F. Beaumont delivered an address on "The Most Effective Phases of Bank Advertising," which was heard with interest. The contest on Wales machines between M. M. Rolleston, representing Atlanta Chapter, and W. V. Bartlett, representing Birmingham Chapter, was won by Mr. Rolleston, who listed two hundred and fifty checks in three minutes and twenty-one seconds. Following the contest, an effort was made to lower the Southern record of three minutes thirty-eight and one-half seconds. Mr. Rolleston succeeded in establishing a record of three minutes twelve and one-half seconds, which will probably stand for some time.

BOSTON.

By Arthur O. Yeames.

BOSTON CHAPTER'S most successful Annual Dinner is now a matter of history, but the result of such an enthusiastic gathering will be of permanent value to the chapter. Members to the number of three hundred and twenty-five met at the City Club on February 10th and gave President Byron W. Moser such a reception as to leave no doubt in his mind as to where the Institute stands with the bank men of Boston. The whole evening was strictly informal. For half an hour previous to the dinner those present were introduced to Mr. Moser. Music was furnished

throughout the evening by an orchestra. Every inch of space in the Auditorium was used in serving the dinner and nobody had any too much elbow room, but this only added to the spirit of the occasion, for everyone was out for a social time. President Moser made a good impression in his talk, in which he appealed to the bank officials present to continue their active support of the Institute, and referred to the growth and outlook for the work of the correspondence members in the banks in the smaller communities throughout the country. Comptroller William E. Knox, of the Bowery Savings Bank, of New York, will ever be the friend of Boston Chapter and may we have him with us on many future occasions. His speech on "The Day's Work," filled as it was with stories and anecdotes, had an undercurrent of sound advice and common sense, which will make the daily grind of every man who heard him a little more cheerful. Lieutenant-Governor David I. Walsh arrived at 9.30 o'clock and was given a rousing reception. He is an unusually gifted orator and appealed for a more general response to the call of duty in citizenship. Other guests who were called on for a few words included Francis B. Sears, Boston Chapter's first honorary member; Frank A. Drury, President of the Massachusetts Bankers' Association; Charles A. Ruggles, Manager Boston Clearing House; Rev. George C. Wright, of Lowell, and Charles A. Chandler, of the Consular Service.

Generally, that which requires effort is more appreciated than when too easily secured. This seems to be the case with the advantages offered by membership in Boston Chapter. Perhaps the most enthusiastic men are those who come from out of town to attend the lectures and Chapter Nights. Fitchburg, ninety miles away, has nine members, Lowell, eight, Cambridge, eight, and twenty-five towns and cities outside of Boston have in all sixty-seven members. Many of these men are among the most regular and appreciative. Then, again, the men who are employed by the private banking and bond houses are joining our ranks in increasing numbers.

A keynote was struck by President Bean at the Annual Dinner, when he emphasized the fact that where the official staff of a bank or trust company is in active sympathy with the Institute idea, in that institution you find the men who are availing themselves of the opportunities offered by membership in the chapter—and the bank is the better for the increase in efficiency.

The March "Chapter Night" is to be "Trade Night," No. 2, and the speakers announced are Thomas F. Anderson, secretary of the New England Shoe & Leather Association, and Edward J. Frost, vice-president of William Filene & Sons Company, who will talk on "Retail Distribution."

March 18th comes the last lecture in the Practical Banking Course, when Clifton H. Dwinell, vice-president of the First National Bank, speaks on "The Official Staff and Directors." That same evening Boston Chapter is to hold an exhibition of business forms and appliances, and following the lecture the Annual Burroughs Adding Machine Contest for possession of the chapter's silver challenge cup and cash prizes offered by the Burroughs Company.

CHICAGO.

By W. W. Walton.

CHICAGO CHAPTER mourns the loss of one of its most influential and active members, Herman E. Ellefson, an employee of the Continental and Commercial National Bank. He was struck by an automobile Sunday morning, February 2, 1913, at eleven o'clock, receiving a fracture of the skull and quite severe bodily injuries, and he remained unconscious until death a few hours later. Mr. Ellefson had just alighted from a street car at Washington Boulevard on his way to the Robert Burns Hospital for medical treatment for a minor ailment.

Mr. Ellefson was born at Christiania, Norway, September, 1878. In April, 1906, he became connected with the old Commercial National Bank of Chicago, which consolidated with the Continental National

Bank in August, 1910, which institution he has served faithfully in all the duties assigned to him, and the bank has not only lost an employee of ability, but a young man of sterling worth, and his unselfishness won for him a place in the hearts of all who had the pleasure of making his acquaintance.

Practically all of Mr. Ellefson's spare time was devoted to the work and advancement of Chicago Chapter, and he was its most ardent and enthusiastic worker. In all the chapter's undertakings, either educational or social, he was always ready and willing to take hold and do his best. He has served the chapter most faithfully and conscientiously in various capacities during the past few years, and for the season 1912-13 he was a member of the Executive Committee, his term expiring in 1914; president of the Bankers' Bowling League, chairman of the Entertainment Committee, and a member of the Press Committee.

At a special meeting of the Executive Committee of Chicago Chapter held Tuesday, February 4, the following resolution was adopted and passed:

"WHEREAS, God in his Infinite Wisdom has seen fit to remove from the active work of Chicago Chapter, American Institute of Banking, one of its dearly beloved members and a member of the Executive Committee, and

WHEREAS, Mr. Herman E. Ellefson was widely known among the membership of Chicago Chapter; therefore, be it

RESOLVED, That the sympathy and condolence of his fellow members be extended to his family and friends in their sorrow, and be it further

RESOLVED, That a record of this resolution be spread upon the minutes of this Chapter and a copy forwarded to the bereaved."

Tuesday evening, January 28th, John F. Bass, the world's famous newspaper correspondent, lectured before the Institute on the Balkan States in a very pleasing manner.

The First National Bank stands first in the A. I. B. Indoor Baseball League. They are playing nice ball, having won three and lost no games, and from all indications they will win the championship for the season.

Tuesday evening, February 11th, Chicago Chapter gave another smoker and buffet luncheon to members, and it was very largely attended and a most pleasant time was had by all. A few vaudeville sketches were given during the evening which were very entertaining.

On Valentine's night the chapter had the second of their series of dances, which was very well attended and all who were present report having had a most enjoyable time.

CLEVELAND.

By P. J. Slach.

CLEVELAND CHAPTER was confronted with an unexpected treat at the session on the evening of the 28th of January. Through the alertness of W. R. Green, chairman of the program committee, the detective of fame, the mighty William J. Burns, was scheduled to appear. His pleasant personality, gracious manner and eloquent speech completely belied the preconceived ideas of all members. His stay was brief, but it was sufficient to indicate that as a guest he will always be welcome in our midst; as an official, he will ever be retained for the other fellow, while as a man, he will continue to be respected for his democracy. We are greatly indebted to him, and also to F. J. Heine, his able Cleveland representative.

John Fish, the assistant attorney of the Guardian Savings & Trust Company, gave an accurate and detailed presentation of the "Negotiable Instrument Law," bearing particularly upon the Presentment for Payment and Notice of Dishonor.

The much-heralded informal debate was held upon the question, "Resolved, that it would serve the best interest of the bank to have tellers handle both receiving and paying, instead of the present method of having these duties separated." The following active and aggressive bank men—Perry Webber, of

the Bank of Commerce, N. A.; W. T. Bissell, First National Bank; W. H. Miller, Union National Bank, and J. E. Mazach, of the Broadway Savings & Trust Company—participated. The arguments bristled with fire, but the conservatism of the National Bank men, particularly, is deep rooted, and many present were advocates of the old-time method.

R. P. Sears, of the Cleveland National Bank, read our roll of honor of the promotions made in this city. He did more, and presented a biography of each of the lucky individuals, and incidentally he preached a sermonette of inspiration, hope and advice to the young members. The members were also highly honored by the presence of many of the bank officials, prominent among whom were W. D. Young, T. W. Hill, J. A. Ward, Thomas E. Monks, J. C. Hoffman, George F. Hart and our watchful Clearing House Examiner, F. Coates, Jr.

On February 11th our chapter, upon the kind invitation of the Young Men's Christian Association, held their meeting in their magnificent new building. W. R. Warner gave an illustrated lecture on the Panama Canal, which in speech and picture portrayed vividly this great undertaking.

A basketball game was also played between the East and West side bankers. The game was hotly contested and the victory perched upon the banners of our West side brethren.

Hopper Herrick and W. R. Green, distinguished themselves in the water sports games, but it was plainly apparent that our good friend, Mr. Green, was more proficient in swimming underneath than above water.

On February 25th John MacGregor, Jr., counsel of the Cleveland Trust Company, continued our series of lectures upon the Negotiable Instrument Law, featuring especially the discharge of instruments and bills of exchange. At the conclusion of his able address he graciously consented to a grilling by our ambitious fellows upon the many interesting problems contained in his lecture.

D. E. Morgan, the president of the newly created City Club, which promises to be such an efficient force in advancing the interests of our citizens, gave a forceful and inspiring address upon the work of the Charter Commission which is now actively engaged upon formulating new plans for our city government. He laid special stress upon the point that bankers should always take an active part in the politics of their city.

The chapter wishes also to express their appreciation to the Burroughs Adding Machine Company for the ball tendered to our members recently, and the kind hospitality displayed, and especially to F. S. Crane, their local representative.

John W. Baque, the ever active president of the educational class, continues to sing the praises and value of his organization. He wants the old members to remain faithful and the new recruits to be constantly enlisting.

H. W. Dirksen, cashier of the Prudential Insurance Company, is promoting a post-graduate course. His energy merits success and the chapter hopes in the near future to have some of our certificate holders become post-graduates.

DAYTON.

By F. H. Stachler.

DAYTON CHAPTER held its most interesting and most largely attended meeting, since its origin, on Wednesday evening, January 29th. The chapter had the pleasure of hearing Charles Slagle, of the Merchants' National Bank, who spoke on "Modern Banks and Banking." Mr. Slagle showed his familiarity with his subject and imparted a great deal of information to us. An equally interesting and fun-furnishing feature of the evening was an adding machine contest conducted by Thomas S. Hoskot, local representative of the Burroughs Adding Machine Company. Cash prizes of \$10, \$7.50 and \$5 were offered to the three men who most quickly and accurately added a bunch of 250 checks. First prize was won by L. Bucher, of the Dayton Savings

& Trust Co., who made a record of four minutes and thirty-one seconds. Second prize went to Howard Walker, of the Dayton National Bank, whose time was five minutes and fifteen seconds. Third prize was awarded to Herbert Whalen, of the City National Bank, whose time was six minutes and one second.

Our study classes are meeting weekly, and the men in the different classes are certainly to be congratulated upon their regularity, and I am sure will realize great benefit from their efforts.

At our February meeting a debate was had on the subject of "Resolved that Dayton should have a Million Dollar Bank."

The affirmative team was composed of Homer Becker and Carl S. Schell, and the negative team were Howard Baichley and F. H. Brundreth. The negative team, which received the unanimous support of the three judges, who were O. B. Brown, Carol Sprigg and Attorney R. G. Corwin, contended that the city does not need a million dollar bank because there would not be enough deposits to draw from, and that the building and loan associations have so developed as to impede a bank of such proportions.

The "Three Kings," who have been appearing at a local theatre, entertained the chapter after the debate.

DULUTH.

By Michael Cohen.

DULUTH CHAPTER is enjoying another successful year. Our study class is repeating the course in banking with very satisfactory results. Special subjects along these general lines are assigned to individuals, who report in class. The last report was on Prof. Irving Fisher's "Unshrinkable" or "Compensated" dollar. This subject is attracting increasing attention, and the information brought out in class was very interesting. The new dollar seems to appeal to most of us. We hope that it will be given a fair hearing and trial. We concluded that while it would be unfair or impossible to force it by law, on business which neither understood nor desired it, yet, if it were made possible to display by public example and preference the advantages, soon business would demand it, as it has the gold dollar in the past. Something must soon be done, if our gold dollar continues to depreciate as economists show it has in the past. The subjects make very interesting classes.

Our social program is not neglected. Several very successful dancing parties have enlivened our winter season, and our last cabin party at the Kodakha cabin was an evening to be remembered.

HARTFORD.

By A. H. Cooley.

CONVENTION of 1914. Hartford wants it and is prepared to handle it in a satisfactory manner. Hartford Chapter's desire is based on the fact that no other city in the country presents better possibilities for a successful and profitable gathering. Geographically it is so situated as to be easily accessible from all points. From an educational standpoint the diversity of its industries, the huge financial concerns, stately public buildings and historic points offer to visitors opportunities that can be found in no other one city.

For entertainment—leave that to us. Suffice it to say that located in beautiful New England, the summer recreation ground of the United States—with every means of indoor and out-of-door entertainment, and with a chapter for host whose record spells success in handling anything entrusted to it, every delegate would surely feel well repaid for coming to Hartford. The following letters have been sent to chapters:

"Hartford Chapter announces that it is desirous of securing the 1914 Convention of the Institute. It has been well represented at every convention held, and de-

sires to show its appreciation of the many courtesies extended to its delegates by entertaining the 1914 gathering.

"The chapter is enjoying greater prosperity than ever before, and with a membership of more than two hundred is, we feel, in an excellent position to meet the requirements of a Convention's host. We solicit your hearty co-operation and support, believing that your assistance will aid us greatly in our campaign, and would ask that you give us an expression of your feeling in the matter at your early convenience.

"Following the recent announcement regarding our desire to secure the 1914 Convention, we take pardonable pride in bringing to your attention a few facts relative to our city. Hartford is located on the main line of the New York, New Haven & Hartford R. R., less than three hours' ride from New York and Boston, and one-half hour distant from the eastern outlet of the New York Central Lines at Springfield, Mass., thus affording easy access from all points. It is situated on the west side of the Connecticut, the most beautiful river in New England. It is rich in historic associations, and its natural location, its nineteen miles of parks, its broad thoroughfares and magnificent public buildings offer much to interest visitors. The city occupies a unique position as a financial center, being the home of fifteen of the largest, richest and strongest insurance companies in the country. It is the seat of many large industries, which manufacture typewriters, firearms, machinery, tools, automobiles, etc., these products being well known throughout the world. It has nineteen banks with assets exceeding one hundred millions of dollars. Hartford Chapter is one of the oldest in the Institute, many of its members are well known to those of other chapters, and it is well able to entertain the Convention in a fitting manner. VOTE FOR US."

By E. R. Barlow.

We certainly have been up and doing since the beginning of the year, and, furthermore, the majority of the chapter members have been actively engaged in "doing it." Let us go back to the dinner, at Bond's, of the Boards of Governors and Consuls and see what good has been accomplished. At that dinner a membership contest was started with Calvin C. Bolles, of the State Bank, as captain of the "Reds," and Clarence T. Hubbard, of the Security Co., as captain of the "Blues." Each man has twelve men on his side and they have been running a fine-tooth comb through the financial institutions, with this result: twenty-two applications for membership were received in one week, and forty-five applications have been received up to the date of this writing, with all indications pointing toward more. It was remarked at the dinner that the selections for captains were good ones. What do you think about it? Sh! three men from the local Postal Savings Bank are in line for membership. Can you beat that? Our membership is quite a bit over two hundred and is growing all the time. Another direct result of that now famous dinner is the Bankers' Bowling League. Earl W. Outtrim, of the Hartford National Bank, was appointed chairman of a committee to organize a bowling league, and he "got busy" at once. As a result, we have a full-fledged league of fourteen teams, with games every Tuesday night, except where it interferes with a chapter meeting, then on Wednesday night. The trophy is a cup, which will be kept by the team which wins it twice, not necessarily in succession. The appointing of a committee, which was later confirmed at a chapter meeting, to secure for Hartford the A. I. B. Convention in 1914, was a third result of the above-mentioned dinner.

February 5th, at 7.30 P. M., about fifty members of the chapter gathered in the chapter rooms to watch their co-workers, to the number of fourteen, try their skill on the adding machine. Both the hand and electric machines were used, and each contestant was given two trials at listing one hundred checks correctly. The prizes of \$5, \$3 and \$2 for each machine were furnished half by the Burroughs Co. and half by the chapter, with the understanding that no one contestant was to take two prizes. Following are the prize winners:

Hand—1st, W. S. Sherwood, Connecticut Trust, one minute thirty-four and four-fifths seconds; 2d, R. L. Gilnack, Fidelity Trust, one minute forty-two and two-fifths seconds; 3d, C. C. Bolles, State Bank, one minute and fifty-four seconds.

Electric—1st, R. L. Buck, Connecticut Trust, one

minute and thirty-seven seconds; 2d, E. R. Barlow, Fidelity Trust, one minute thirty-seven and three-fifths seconds; 3d, R. A. Wilcox, State Bank, one minute forty-six and three-fifths seconds.

February 18th a regular meeting of the chapter was held in the Institute rooms to listen to Dr. Charles B. Meding, of New York, who has just returned from a period of study in India, on "Indian Character." He said that the general idea of India was gained through agitators and missionaries, quoting Col. Roosevelt's definition of an agitator and stating that about all we get from a missionary, in the way of information, is figures, which, like a bank statement, may mean anything to the uninitiated. After talking for more than an hour and a half he left us with a much different impression of what a truly wonderful country India really is, and with some idea of the complex character of the Hindu. He told us, further, that England is spending more money in one year for missionary work in India alone than the United States is spending for her whole foreign missions.

Charles F. Minor, ex-president of the New York Chapter, who accompanied Dr. Meding to Hartford, was called on to say a few words. He explained that he had had no previous knowledge that he was to make a speech and was, therefore, unprepared, but he tackled the job bravely. He brought greetings from New York Chapter, as he said that everyone extended greetings from their chapter when in New York, so he would follow the custom. He then outlined the growth of his chapter and brought out the many difficulties that had been encountered in trying to get men interested and the just rewards which have come to those who "stuck to it."

The law class has been meeting regularly under the leadership of Mr. Joy, and those attending are gaining a practical knowledge of banking law which could not possibly be gained in home study. We have just finished a very thorough review of "Agency and Trusteeship," and are now taking up "Sales." If you are not a member of the class, come around and listen to us recite and hear the lecture. It's instructive! Ask your consul when the next class meeting is to be held. Show your chapter spirit and get busy on that essay.

LOUISVILLE.

By H. P. SMITH.

IN the death of Charles C. Carter the Institute loses one of its best-known and most popular and influential graduates. Mr. Carter was fifty-two years of age, and unmarried. Born in Louisville, he had spent his whole life here, and was perhaps as well known in business circles in this city and State as any man who could be mentioned. He was a Mason and a member of the Pendennis Club, of which latter organization he was the secretary for many years. The interment was in Cave Hill Cemetery, the ceremonies being private. The Louisville Clearing House Association adopted appropriate resolutions expressing the grief of its members and their deep respect for Mr. Carter.

MILWAUKEE.

By S. G. Swift.

ON the evening of January 29th one hundred and twenty-five members of Milwaukee Chapter gathered around the banquet board at the Hotel Charlotte to give welcome to the group secretaries of the Wisconsin Bankers' Association.

Dinner over and cigars lighted the evening was given over to short addresses. The announcement of J. K. Ilsley, who presided for the evening, that E. A. Dow, President of the Wisconsin Bankers' Association, was unable to be present, was met with much disappointment.

Mr. Ilsley then called upon Dr. William A. Scott, Director of the School of Commerce of the University of Wisconsin, who had chosen for his subject "Land Credit Banks of Europe."

Dr. Scott devoted most of his attention to an ex-

position of the land mortgage banks of Germany; their origin and development. Lacking time he did not attempt to demonstrate to just what extent the principles behind these European banks could be applied in this country. The land mortgage idea of Germany, however, with modifications to meet differing conditions, has been successfully adopted in other European countries; so, he pointed out, America, too, very likely, could change the present European system to meet her needs.

Following Dr. Scott, Prof. B. H. Hibbard, of the College of Agriculture of the University of Wisconsin, spoke on "Co-operative Agricultural Credit."

Prof. Hibbard is a practical farmer and has studied farmers, farms and farm methods all his life. In his talk he avoided any technical discussion of co-operative societies, forms of organization, spread of movement, or reasons for success or failure. His time was spent, rather, in driving home the point that the co-operative credit plan which would be of most good to the country would be the one formed not so much for the purpose of giving increased borrowing facilities to the already established farmer, but more for the extension of convenient credit to the man who must go into his initial agricultural enterprise almost entirely upon borrowed capital.

The price of tillable land in the good farming districts has become so formidable that under present conditions it is absolutely prohibitive to the young man who wishes to join the entrepreneur class. The most natural thing for him to do is to join the procession from the farm to the city, for he knows that the "back to the land" cry is not just what it may sound to the inexperienced. This erroneous idea in the minds of many people about the profit and the pleasure to be reaped by tilling the soil, Prof. Hibbard assigns as one of the causes of the high price of farm land. The prevalence of such an idea would, without doubt, tend to increase speculation, which is continually creating new "top-notch" prices for land. The amount of land in our very best-developed farming territories which is held for speculative purposes is surprising. This land, of course, is farmed by tenants whose tenure is short, who are without prospect of ownership, and whose interest, therefore, is superficial. Such a system has but one result, which has been demonstrated by all of the older nations.

In Prof. Hibbard's opinion a co-operative credit system which can successfully counteract these influences, and furnish the young husbandman with the means of carrying on the occupation for which he is fitted by training, will have killed the need for "back to the land" movement, and will have aroused a wave of "stay on the soil sentiment" which should certainly sweep toward greater national development, prosperity, and contentment.

MINNEAPOLIS.

By Frank J. Mulcahy.

MINNEAPOLIS CHAPTER is enjoying one of the most successful years in its history. By the arrangement made last year the meetings are held once a month with a dinner. The attendance has exceeded our fondest expectations, the average attendance at each meeting being about 125 members.

We have been fortunate in securing prominent speakers who have given us very helpful and entertaining talks. Our Banking and Law classes, under the auspices of Professors Ebersole and Preston, of the State University, are very well attended, and it is our hope that we shall see many members in line for the Institute certificate at the close of the year.

The second half of the season of 1912-13 was ushered in by a rousing meeting, held at Dayton's tea rooms on January 15th, about 150 officers and members being present. Judge F. B. Waite, of the Juvenile Court, gave a very interesting and instructive address on the work that is being done to help the delinquent boys and girls of our city. Hon. James Manahan, Congressman-at-Large, spoke on "Tools and Things," emphasizing the fact that industrial injustice is one of the great present-day evils, and also discussed the concentration of wealth,

paying particular attention to the findings of the Pujo commission.

On Wednesday evening, February 5th, we again gathered around the festal board at Dayton's tea rooms and listened to an instructive paper by our former president, J. G. Maclean, of the Security National Bank. Hon. P. M. Kerst, former State Public Examiner, now Clearing House Examiner for the Twin Cities, spoke on the duties of an examiner, showing the progress made in examinations of both public and financial institutions since the first legislative act creating the office. Mr. Kerst's name is being suggested by his friends as a suitable man for Comptroller of the Currency.

M. J. Murphy, of the Protectograph Company, gave a stirring talk on the dangers of unprotected documents, illustrating the ease with which a check or draft of a trifling amount may be changed to read into thousands of dollars and pass the eye of the most critical banker.

President Mulcahy announced that the speed contest of St. Paul, which is an annual occasion, will take place in March, and suggested to the boys that they get into training, as St. Paul Chapter is noted for some speedy manipulators on the adding machine.

Tentative arrangements are being made for our annual banquet, which will take place some time in April, and we are looking forward to the occasion with a great deal of interest and pleasure.

NEW ORLEANS.

By W. W. Sutcliffe, Jr.

THE season's work of New Orleans Chapter, the program of which has previously appeared in the JOURNAL-BULLETIN, is being carried out without changes. The classes and discussions conducted by Prof. Aldrich and Rudolph Hecht are well attended. The large and enthusiastic attendance is the best proof of their being of benefit to all, and by the latter part of May New Orleans Chapter will present at least twenty names for Institute certificates.

We take pleasure in reporting the advancement of one of our most valued members. The Banco Atlantida de La Ceiba, Honduras, has appointed John Plauche, formerly with the German-American National Bank, to the office of manager. Mr. Plauche has departed to the scene of his future activities with the best wishes of all of us, and doubtless his interest in our study classes has been instrumental in his selection for this important position. Mr. Plauche is a thorough banker and has an intimate knowledge of every part of the banking profession. Of charming personality and a facility for making and retaining friends, his success is assured.

NEW YORK.

By Harold S. Schultz.

EVERYTHING was in perfect order on the evening of February 6th when the members of New York Chapter assembled in the Grand Ball Room of the Astor to partake of their annual feast. The great pipe organ boomed appropriate strains while the orchestra in the top balcony, under the direction of their capable leader, Mr. Baker, prepared to accompany him with the most popular tunes of the day. A number of ladies were already seated in the boxes, and the daintily decorated tables beneath were laden with the best of everything that a man's appetite could desire.

At a word from President McWilliam the standing diners remained silent while Bishop Wilson asked the blessing, then everyone took their seats and the fun began. As the waiters moved swiftly hither and thither among the tables doing their best to satisfy the hunger of each good banker, Baker, the songster, kept everybody feeling at his best by a steady flow of melody—new songs and old—the spirit of which was caught up by the diners and carried along with a ringing good will.

As a bit of a surprise when the dessert was on the tables, Miss Ethel Coit, a talented soloist, was in-

troduced, and a more truly enjoyable feature could hardly have been conceived of. A few well-rendered selections by this young lady brought forth rounds of applause.

The speeches which followed are printed verbatim in this article and even a hasty glance over them will suffice to prove their excellence.

The space will not permit us, however much we should like to do so, to print the names of all the well-known bankers present, who represented not only New York banks but institutions all over the country. We take pleasure, however, in giving a few of them.

At the speakers' table were R. W. Poor, President Garfield National Bank; Col. F. E. Farnsworth, General Secretary American Bankers' Association; George T. Moon; H. M. Conkey, Cashier Chase National Bank; H. K. Twitchell, Vice-President Chemical National Bank; Rev. L. D. Wilson, resident Bishop M. E. Church; E. B. Tuttle, President Williamsburg Savings Bank; Rev. Robert M. Moore, St. John's M. E. Church, Brooklyn; Samuel M. Meeker, Vice-President Williamsburg Savings Bank; Alvin W. Kreh, President Equitable Trust Co.; W. Morgan Shuster, National City Bank; B. W. Moser, President American Institute of Banking; E. G. McWilliam, President New York Chapter; James G. Cannon, President Fourth National Bank; Alexander Gilbert, President Market & Fulton National Bank; A. S. Frissel, President Fifth Avenue Bank; Frederick E. Crane, Justice Supreme Court, Second Judicial District; R. A. Parker, Vice-President Market & Fulton National Bank; B. W. Fancher, Vice-President Fifth Avenue Bank; General R. Reyes, ex-President United States of Colombia; Clark Williams, President Windsor Trust Co.; W. E. Knox, Comptroller Bowery Savings Bank; Edmund D. Fischer, Deputy Comptroller City of New York; George E. Allen, Educational Director American Institute of Banking.

A number of representatives of sister chapters were also present. Among them were F. A. Crandall, Chairman Executive Council American Institute of Banking and Vice-President National City Bank of Chicago; Joshua Evans, Jr., Washington Chapter; Louis W. Jenkins, Baltimore Chapter; George B. Wilkinson, Albany Chapter; W. A. Loasby, Syracuse Chapter; W. A. Nickert, Philadelphia Chapter; B. O. Hill, Pittsburgh Chapter; W. B. Kramer, Scranton Chapter; Harry V. Haynes, Washington Chapter; Carroll Pierce, Washington Chapter; Alfred M. Mitchell, Providence Chapter.

President McWilliam, as toastmaster, spoke as follows:

Ladies and Gentlemen:—I have the honor, on behalf of New York Chapter, to welcome you to this, our Twelfth Annual Party, and I assure you that I do consider it an honor to be the spokesman for New York Chapter upon this occasion.

For the benefit of those of our guests who are not entirely familiar with the American Institute of Banking and its work, possibly the others will pardon me if I say a few words about it. The American Institute of Banking is a section of the American Bankers' Association, being represented upon the Executive Council of that body by one of its officers and thereby having a voice in the affairs of that Association.

The object of the American Institute of Banking is to promote the efficiency of the banking profession through education of the individual. According to Educational Director Allen, the Institute's Standard Banker should be one-fifth accountant, two-fifths lawyer, three-fifths financier and four-fifths gentleman and scholar—a total of ten-fifths, or just double size. (Applause.)

The membership of the American Institute of Banking now numbers about 15,000 men, divided into between seventy-five and eighty chapters located in the principal cities of the United States, besides a correspondence chapter composed of over 500 men, who are not conveniently located to chapter cities, and yet are gaining the value of the Institute training through correspondence, and I desire to say to the representatives of other chapters who have honored us by their presence to-night that we are proud to be associated with you in this work, and that you need have no apprehension, no matter to what size our representation in the National body shall attain, that our vote will ever be used for other than educational purposes. (Applause.)

Here in New York we are endeavoring to perform our share of this work in a manner which shall reflect credit upon the entire Institute. I am informed by our Secretary that our membership to-night is 2,003. (Applause.)

This, however, does not adequately illustrate the very excellent work which has been done by our Consuls during the past few months, for since the 1st of October we have taken into the chapter about 600 new men, although in the same time we have lost 178.

As to our courses, beginning the season with three, namely, the English course on Mondays, the first year or practical banking course on Tuesdays, and the second year or law and finance upon Thursdays, we have gradually added the post-graduate course upon Fridays and the credit course upon Wednesdays, so that we are again running under full headway, five nights a week, and possibly next year we will need six.

During the past year the New York State Bankers' Association amended their constitution so as to permit chapters of the Institute to become members, and there has been a very delightful co-operation between the Educational Director of the Institute and the Educational Committee of the State Bankers' Association, so that I am pleased to announce to-night that through Educational Director Allen an invitation has been extended to the chapters of this State to take part in a debate before the New York State Bankers' Association at their next annual convention, which will be held in a town just across the border in Canada. The question to be debated will be as to whether the present facilities are not adequate for the granting of agricultural credit. The idea is, I believe, that New York Chapter shall furnish a team in the negative and that the other chapters of the State shall furnish a team to take the affirmative. However, the details are yet to be worked out. (Applause.)

Now, owing to a precedent which has been established by some ambitious past President of the chapter, I presume that you men have been expecting a large oratorical effort from me this evening, but I would have you remember that I have not the acrobatic vocabulary of a Lersner. I cannot even truthfully say that I rise with alacrity upon this occasion; that is one of Lersner's best. Neither have I the tear-producing oratory of a Minor (applause), nor yet the beguiling tongue of a Rosendale, so that I ask you to deal gently with me to-night and take whatever I may say as being simply a few plain words from a plain fellow. However, I would not be human were I not to take advantage of this opportunity, which probably will never be mine again, to say a few words to this great body of bank men, and so first to the officers of banks I would say, "Gentlemen, you can have no conception of our appreciation of your interest and co-operation in this work." (Applause.) "It has been the means of many a young fellow making good, and it shall be our aim to so conduct our affairs as to ever merit your confidence. It has been suggested by some that eventually we would evolve into a semi-labor organization, but, gentlemen, I want you to know that New York Chapter will never have any other object than improving the efficiency of our banks, and further, that it asks nothing for its members except that which comes through the legitimate channel of superior merit." (Applause.)

To those older men with whom it has been my privilege to be more intimately associated within the last year or so, I simply want to make public my appreciation of the fact that I believe I am a better man for that association. Many of you men to whom New York Chapter can add nothing in a material way, have given an unparalleled example of unselfish service, and I trust I may always merit your friendship.

To those whom we see but rarely, and upon occasions like this, I would say that we are glad to see you; we thank you for maintaining your membership, and even though you may not frequently take advantage of our offerings, you may at least have the satisfaction of knowing that your money is helping the other fellow.

We are proud of our second year men, those men who will complete their course this season, and obtain the Institute's certificate, and we trust that they will remain with us even after attaining that honor; but we must confess that it is in that great body of young men who have recently come among us, standing upon the threshold of their careers, that our interest is chiefly centered. I beg of you, young men, for your own sakes, and for the sake of the banking profession, stick to this work. The man on the next desk may be better posted upon the batting averages in the big leagues, but if he has to come to you for financial information, and gets it, I will venture to say that your average in dollars will far exceed his eventually. But money is not everything, and while New York Chapter will help you to attain a higher position, it will also help you to those things which money cannot buy, namely, character and true comradeship. We may not all be bank officers, but we may do our best, and every man will do better when he knows that he is working among comrades. Therefore, let us continue on together in this work, building character and making comrades and gaining knowledge, and if perchance fate should deal us a poor hand, let us remember, as someone has said, that life is like a game of cards, the glory lies not so much in the winning as in playing a poor hand well. (Applause.)

I have a telegram which has just been handed to me

which reads: "Greetings from Syracuse Chapter. My love to all the boys. W. H. Kniffin, Jr." (Applause.)

I also have a communication which I would like to read, with your permission. We have as the Chief Executive of this State a man who owes everything to education. Each step in his career has been an education for the next. Governor Sulzer was invited to be one of our speakers here to-night, and he expressed his regrets that he could not be here, in the following letter:

State of New York
EXECUTIVE CHAMBER
Albany.

February 5, 1913.

MR. E. G. McWILLIAM,
President New York Chapter American Institute of Banking,
5 Nassau Street, New York City.

My Dear Mr. McWilliam:

I acknowledge the receipt of your invitation to be present at the Twelfth Annual Banquet of the New York Chapter of the American Institute of Banking, which is to be held at the Hotel Astor on Thursday, February 6th. I regret, however, that official duties at Albany will prevent me from being your guest on that occasion.

I understand that the foundation stone of your institution is education. I am informed that your Institute with branches in seventy cities of the United States, having a membership of over fifteen thousand bank men, is making a careful study of the banking and monetary conditions of the country. You are to be congratulated on the work that you are doing. The fine spirit shown by your members in devoting their evening leisure to the improvement of their capacities for service to the employers and to the community is worthy of the highest commendation.

This is the day of specialization in business. The banking men of our country are required to be trained in banking, for there is no element of our business life in which is involved to so great an extent the safety of the masses as upon the conservative and able management of our financial institutions. The development of the members of your Institute is a work that is of great advantage to the country, and I wish you every success, and look forward to the continued advancement of your members in their chosen profession.

Believe me to be, very sincerely your friend,
WM. SULZER.

The Toastmaster:—At the very first meeting of the Speakers' Committee, I received a shock in discovering in the character of its Chairman a trait which I had never suspected, for his first remark was, "Well, after Mac gets through, we will have some good speeches." However, I am inclined to forgive him when I see the intellectual feast which they have provided for us, for we have with us distinguished representatives, not merely of the world of finance, but of another country, of the Church and the Judiciary. It seems but fitting that we should first be honored by the representative of the Church, and, therefore, I have extreme pleasure in introducing to you the Reverend Robert M. Moore, of St. John's M. E. Church of Brooklyn, who will speak to us upon "Stability."

Dr. Moore said:

Mr. Chairman and Gentlemen:—I think about the funniest thing I can conceive of is a Methodist preacher talking about money. (Laughter.) And I am very greatly intimidated, sir, when I have heard your statement concerning the great variety of tongues and the eloquence that has been before this body, so that I think I shall not attempt anything that has even the look of oratory or the sound of it, and I am only going to make a few modest observations. I had an English professor once when I was going to school, who told me, whenever I tried to make a speech, and did not have anything to say, to always quote poetry, and so I am going to attempt it, and I am going to quote the first line from that memorable old poem which you all remember from schoolboy days, Longfellow's "Builders," and it runs, as I remember it, about like this:

"All are architects of fate,
Working in these walls of time,
Some with massive deeds and great,
Some with ornaments of rhyme."

If I can take about ten or twelve minutes, in order to get just one thought before you, I think it will be worth your while, and I am sure I shall be abundantly repaid, and it is this thought, that larger than this gathering to-night is that great World upon which the

influence of this gathering and kindred gatherings is exercising its influence; that what we are doing, and what you are doing has an infinitely larger scope than sometimes you conceive; that it means more than the taking in of money and the passing out of money, and the calculating of dividends, and the various articles of your profession that are so requisite to the financial welfare not only of this city but of the world. There is something that is infinitely greater than that, for that of necessity must have among a great many other elements conducive to success, the element of stability, and beyond that world of finance that you occupy yourselves with, there is an infinitely bigger world, a world of philanthropy, a world of letters, a world of religion, a world of social culture, a world of intellectuality, all of them feeling the influence and the impact of your world, for I think we are all agreed to-night, particularly you will agree among yourselves, that money lies at the very root, and is the foundation of all civil progress and liberty, and so I want to say to you to-night, therefore, gentlemen, that this matter of stability is not the stability which comes from a certain inspection of banks or books, or certain auditing of accounts, but it is the stability which works itself not only into the fiber of your profession, but also into the fiber of your character and that if we can make America stable, if we can see to it that her history shall be written clean and strong, we shall not only hand to the next age a record of which we may be proud, and upon which that next age may build, but we will secure that course of masonry that we are putting into the great structure of humanity, so that the nations of the world and the ages that are to come after us may build securely upon the work we have done.

Now, I quoted that bit of a poem in order that I might set before you just this fact. Our nation has not been concerning itself much with rhyme and adornment, which may be given to the work we are doing. I suppose there is no really distinctive American architecture. I know I have heard that statement made. I am sure there is a very great discussion concerning our literature, and the output of those people who are making for us not merely stories and poems, but a characteristic literature that may be known among the nations, and it seems there are a great many people who think we have no distinctive American literature but that we are culturing one. I am sure, when it comes to music, that there is a great variety of music, but none of it seems to be quite American, and so I might pass through those realms, including the realm of science, which is growing amazingly and accomplishing marvelous results; but there are three things which it seems to me that the American Republic is seeking to do, or three things which it has most magnificently done. They may be massive things; doubtless they are. They may not have much of the element of ornament in them, but they have those elements of necessity which makes for the very thing I am seeking to talk about.

The first thing is this: It is one of the glories, it seems to me, of American life, and of our American nation, that we have seen to it that we have a dollar that is a dollar everywhere around the world. (Applause.) It is worth while to so secure that stability in finance that you will not be like a friend of mine who went to a certain portion of the world, and he said, "I went to bed with \$10 in my pocket and I woke up and didn't have a cent, because the government had moved in the night." (Laughter and applause.) I need not discuss the necessity for stability in finance, so far as you gentlemen are concerned. I only want to make a few observations about it.

I want to say, in the first place, that it surely lies so at the root of things that all this talk about scorning money and wealth and worldly accumulation, never has appealed to me much. I have never had very much to scorn, so far as that part of it is concerned, but I am reminded of the story, Mr. Chairman, that I heard Dr. Booker Washington tell once, in one of his addresses. He said, near one of the rivers in the South there was a colored fellow who was going down the river, and he came to a cabin where there lived another colored man, and he said, "Uncle Jeff, I want you to lend me five cents to go across the river from this cabin." and Uncle Jeff looked up from his work and he said, "Ain't you got five cents?" The colored fellow replied, "No, I ain't." "Well," says Uncle Jeff, "that's the reason I ain't going to lend it to you; no, sirree, I ain't. A nigger without any money is just as well off on one side of the river as on the other." (Laughter.)

So it is not necessary to discuss the question of the desirability of money, but, gentlemen, I do want to bring this to you now, in the making of the stability of our dollar and our finance, there is something more required than the mere amount of our cash. It is not a question of how much money we have got. It is a question of what kind of money we have got, and in order that we may settle that satisfactorily, so that the confidence and trust of the other nations of the world may be reposed in us, it depends more on the man behind the dollar than it does on the dollar itself, so that I may speak to you

of a second thing that America has seen fit to make one of the stable commodities of her life, and that is not merely her finance, but also her manhood.

I am very glad to think of American manhood as growing in these requisites and qualities which make not only for the satisfaction of our own life, but when American manhood is brought to exhibition across seas, there may come to us no shame, although sometimes it has been an occasion of regret that our representatives may have been such as they have been. You know it is a wonderful thing to think of this American manhood we are growing, that is coming up out of the mines and out of the fields and out of the factories. I heard on ship-board one day, as I was going to England, a man say scornfully, "Oh, these Americans are just a nation of shopkeepers." And there happened to be standing near the man that made that remark, a Yankee, and when he heard that he spoke up and said, "Yes, particularly when you're keeping shop for the whole world, yes, we are."

So I am not disposed to offer any comments on American manhood, because it still has the marks of toil, the marks of sacrifice, and the marks of necessity upon it, but American manhood is growing so that it comes to be one of those qualities that is big, regnant and powerful in its influence in the world.

Now, they say there is a Money Trust. I am glad you gentlemen do not expect me to tell you whether there is not. There is one thing I am certain of, and that is, I am not in on it. (Laughter.)

I know there is a committee of gentlemen that say there is a Money Trust, and then we had some other gentlemen that went down from New York and very pleasantly and composedly they testified and said, "There is no such thing as a Money Trust," and I heard that story and when I heard that story in the paper it reminded me of that old, old, old story, and so I apologize, Mr. Chairman, so far as its antiquity is concerned, which I first heard Whitcomb Reilly tell, about the orderly who was riding across the field where there was a fierce and savage conflict, and he saw the orderly riding by, and he begged him, "Comrade, take me up behind you. I will die if I stay here. Take me with you." And the Irish orderly took pity on him and jumped down and picked him up and propped him behind him on his horse as well as he could and held him on with one hand as he galloped along over the field. Before he came to his own line, there was another shower of balls and bullets, and one of them came and took the fellow's head off behind him, but the orderly did not know it, and he still galloped off and along into his line and up to the hospital line, and he drew rein and said, "Take this poor fellow off and give attention to him quick. He has had a leg shot off, poor fellow." And the surgeon looked up at the rider and his burden and he said, "His leg? Why, his whole blamed head is shot off." And the Irishman turned around and looked at him and said, "Well, he told me that it was his leg." (Laughter and applause.)

Now, Mr. Chairman, they say that there is a Money Trust. I do not know. And then they say there is no Money Trust, so I don't know whether it is his head or his leg, but there is this much about it, Mr. Chairman, if there is a Money Trust it is a big trust. The thing I like to think about in connection not only with that, but the other things, is the thing that is impressed upon your mind as you stand in that magnificent St. Paul's Cathedral in London and read the inscription about Sir Christopher Wren, "If you would see his monument, look around you."

These trusts and institutions, some of them may not be modeled according to the liking of some men. But we have trusts that only men could have made. We are a nation of men, and that causes me to feel that somehow or other there is that which is great behind them, even if there should be that fault of overpressure, that of overreaching, or whatever it may be, I believe in the growth of the years which are before us, there will be certain corrections and modifications made by us, so that life will come to its best perfection. I believe we have big men in the United States at the present time, and that is one of the stable things that makes for the welfare of our Republic.

The third thing I want to speak about, Mr. Chairman, very briefly, is not only the American dollar and American manhood, but the American flag as one of the stable things of the world. (Applause.) They tell me you can see it as it flies on the seas farther and distinguish it more clearly than any other ensign that is blown by the breezes; I do not know as to that, for I am not a mariner, but when I take up the papers and read the reports from the world I know that the American flag means more than mere superficial diplomacy, although sometimes that may not seem quite according to our liking. I know it means more than mere trade output, or the manufacturer's annotations of the things that have been made possible to him. The American flag has come to fly among the flags of the world, and that is significant of the fact that her citizenship is sacred; that no man dare molest an Amer-

ican citizen and then go free of the judgment of our men, and if you want to find out if that flag is still going to stand for things like that just let somebody fire on it once, and see what the result will be. I have heard it said, although I have paid little attention to it, by people who grew a bit pessimistic about it all, they say that we are coming to an age that is somewhat decadent; we do not know that heroic period that has passed away when men were willing to leave the anvil and the plow and the shop and the office and the school, if necessary, and go forth to the defense of the flag. There is no reason why we should all be dressed up as soldiers in brass buttons all the time, when there is nothing doing in the war line, you know, but if there should be anything doing, if an emergency should ever come, I have it in my heart as one of the confidences of my soul, Mr. Chairman, that there would be quite as many or more citizens under that old flag who would leave home and, if necessary, life, and go forth and defend her honor, as they did in the days that are gone. We have it as one of the sacred things of our heritage. It belongs to us to say that that flag shall have the largest possible significance. I say that marks the stability of our nation quite as much as the other two things I have spoken about.

I shall never forget one day I sat over against a fire-engine house. It was summer, and warm, and the fire laddies were sitting there outside, one of them was playing with a dog, and one was reading a paper, and two or three of them were tossing a ball with the boys on the street there, and I suppose somebody might have come along and have seen them doing that and said sarcastically, "Oh, yes, that is what we pay our firemen for, to sit around, toss balls with the kids on the street and play with dogs and read the newspapers." But I had not gone a half a block up the street before I heard the sound of the gong, and I saw the outrushing apparatus and I saw those men garb themselves quickly, and I remembered the story told in our city not long since about Charles Kruger, who, like a white-plumed knight, went bravely through fire and smoke to certain death in the performance of his duty. And I heard the statement of the Chief of the Fire Department, who said that every man in the Fire Department knows he has to face death day by day, and almost certain death eventually, and all for pay, and if we have a manhood in our midst that can be paid to be chivalrous and heroic and magnificent in the discharge of its duties even to death, what is that manhood going to be like when that old flag is disturbed? That is what I believe makes for the confidence that we are reposing in the stability of our government and of our Constitution, and that means a very great deal, Mr. Chairman, for this reason, and I will bring these few, brief, desultory observations to an end with this statement.

I want to say this evening, gentlemen, and it will be the only thing possibly worth remembering; you are doing infinitely more than you think; you are doing infinitely more than you think for the perpetuity of republican institutions, for we are a nation on trial. Our finance is on trial. Our diplomacy is on trial. Our citizenship is on trial. The greatest of the republics of the world, not old enough yet to boast of a career, and destiny that can demonstrate conclusively that the republican form of government is the wisest form of government, but you gentlemen in this profession, are dealing with that which lies at the very root of our institutions, and the equilibrium and poise of which and the stability of which marks and means the stability and poise of every part of our great civil life.

I say to you, gentlemen, in the task you are doing, and the fact you are working for these wonderful purposes, to keep sacred the finances of the land, you are accomplishing something which the other ages are to know about, for America in her place is going to mean a step forward for all the races and nations of the world, a mile nearer the goal of that time which humanity is waiting and hungering for.

I read a story not long since in one of the magazines. In a little telegraph office that has come to be memorable now, Abraham Lincoln was walking backward and forward one evening, and he said, "If Sheridan can only hold it until morning; if Sheridan can only hold it till morning." And the great, tall, archangel of that period of stress and shadow, kept repeating to himself, "If Sheridan can only hold it until morning."

Mr. Chairman, I say to you and to these gentlemen that are making so conspicuous a success in their profession and advancing it so magnificently to higher planes, I say if they can hold the financial situation in their grasp and carry it through until at last we shall have built up this Republic to the thing we hope, in God, it is to be, then it shall be blessed not only in the task they have consummated, but ages after theirs shall rise up, ages which will bless them for the faithfulness of their work, and theirs shall be the glory in no small measure that shall bring in the time of incorruptible humanity, the new heaven and the new earth for which humanity works and waits. (Applause.)

The Toastmaster:—some months ago, twenty of the Latin-American republics determined that they would bring the commercial advantages of their respective countries to the notice of the rest of the world. They selected for that mission a gentleman whom we are honored in having with us to-night, and I take pleasure in presenting to you General Rafael Reyes, ex-President of the United States of Colombia, South America.

General Reyes spoke as follows:

Ladies and Gentlemen:—Notwithstanding that I have not mastered very well your language I shall say a few words, beginning by expressing my thanks for your invitation to me to come here and so honoring me. I will repeat my Castilian motto, "For my God, for my Lady, and for my Country."

Allow me to express to you how much impressed I have been as I have been in this large hall with hundreds of enlightened men, and the first thing I saw was a clergyman, inviting us to give prayer, that is, to bow to the Divinity and to give it what is its due.

Afterwards I observed my motto to the ladies in this great commonwealth of America and paying the respects to them which the ladies deserve, and here I say we gentlemen are at the proper place with relation to the ladies, that is to say, we are at the feet of the ladies, gentlemen. (Laughter and applause.)

Now, the last sentence of the motto, "For my Country," in this hall I can see very few gray-haired men. But little gray has come to your hair. You are for justice and for honesty, and, gentlemen, allow me also to say that it is very difficult for a young man to succeed to-day as in the past. Edison, Carnegie, Huntington, have in times past made great fortunes in this country, but now the times have changed. Now, it is not possible to buy here at the Battery an acre of land for ten dollars and afterwards sell it for \$100 a square foot. (Laughter.)

You know now that it is necessary to open up new fields. The far West is not the best opportunity to-day, and if you decide to live far away from here look to the tropics and now you will find there a nation of Latin ideas, of Latin blood, that will receive you as friends, and we will open up the fields that we have there and conquer them with your help. (Applause.)

General Reyes spoke of the relationship between the United States of Colombia and the United States of America and expressed the belief that the great Republic would ultimately do justice to her smaller sister in the matter of the Panama Canal Zone. General Reyes' son read a paper on the subject which was well presented and well received.

The Toastmaster:—We are all proud of the man who has made good, especially when he is young and when he is one of our American boys. We have such a one with us to-night. Born in the official atmosphere of Washington, we are not surprised when we see that his record combines distinguished service in the customs service in Cuba and the Philippines as well as upon the Philippine Commission, and, finally, that it culminated by his attracting the attention of the whole world in his courageous stand as the Treasurer-General of Persia. I have great pleasure in presenting to you to-night Mr. W. Morgan Shuster. (Applause.)

Mr. Shuster spoke as follows:

It was my intention to commence my few remarks by paying a compliment to those of the other sex who grace this occasion, but I was preceded in that by that distinguished and gallant gentleman, General Reyes, who comes of a race upon whom we may always depend not to forget a matter of that kind. (Laughter and applause.)

I feel that it is a great compliment to address this organization. It is the first opportunity that I have had for coming into personal touch with it. I feel also that I am getting to that stage in life when a growing pleasure comes over me in the society of young men. (Laughter.)

I can recall very distinctly when the height of my ambition, as a law student, then rather young, was to attain the age of twenty-one years so that I might participate as a witness and act as trustee in small matters that required a person to be of legal age. In order to collect the emoluments. It seems not so very long ago, and yet I have felt for some time that youth is no longer a defect with me.

I am particularly interested in the educational element of your organization. I have read the pamphlet that lies before me and have listened to your President's eloquent remarks concerning the stress that you lay

upon your curriculum and the attention which you give to its maintenance. I believe that education is coming to have a broader meaning in the world. It is getting away from its purely local aspect and you are recognizing in the courses which you have adopted under your Educational Director, that to be a good banker a man must know something besides mere technical banking. This principle of the necessity for a broad, general education is equally true of law, of medicine and, in fact, of every line of professional endeavor.

The present is often called the age of specialization and it is so in a very large sense. But specialization has its limits, and those limits are the intimate connection, the increasingly intimate connection to-day between every line of human activity in civilized countries.

The general thought which ran through my mind as a subject for my remarks to-night was the effect of international business and other financial relations upon the attainment of world peace. For a good many hundreds of years, thinkers and dreamers have been striving to bring about the millennium or to learn how it could be hastened. The Church has devoted a great deal of attention to it and in so far as a moral appeal, a purely moral appeal can have any effect in a question of that kind, it has done all that could be done, and yet we have not peace. I think that a study of the incidents of the past few years, or a survey of the situation in the world to-day could give no very great or real encouragement to those splendid men who through arbitration and peace societies are endeavoring to rid us of the horrors of war.

There was, however, a very striking incident in international affairs a short time ago, the inside history of which is not entirely known by the public, when two great European nations were on the verge of a war which was happily averted. The appeal to arms was not prevented by the dislike for war, nor by the shrinking of the public of the two countries who would suffer most if that catastrophe had come about; nor was it averted by any peace society, arbitration treaty, or any tribunal. It was prevented by the power of money. Lack of available funds made it impossible for one of those two nations to go to war. It seems to me that there is great food for reflection in that incident, because among the civilizing effects of finance and of money, some of which have been mentioned so eloquently this evening, if it could by any means bring about, through an appeal to the lay mind, through the influence of the pocket-book, if you will, the conviction on the part of the great mass of civilized people that war is economic barbarism, that it not only means the shedding of blood, the taking of life, and untold suffering by generations of innocent people, but that it is actually an economic crime, I think that in this practical age and in what will be the still more practical ages of the future, there lies some hope for war's elimination as a factor in human affairs. (Applause.)

This would be the very greatest victory that money could win; it would be a boon to mankind which no other influence or force has so far been able to give or shows any likelihood of giving. But to do that, the money power of the world must be directed by people who realize the real sources of the danger of war—and those sources of danger are very material questions. Men no longer fight, people no longer take up arms over the color of another's hair or because of his faith or his religious creed. Those things might serve as a rallying cry in disagreements between nations, but they will never be the real causes of wars in the future. The wars to come will be wars of aggression and largely economic in their origin; they will be for territory or for trade or for both.

Now, if we can get the commerce and the finances of this world, of the different countries and peoples, so interwoven, relations so intimately related that nowhere in any great civilized center could war break out between powerful countries without a shock and an immense loss to the whole international fabric, the world's most potent elements will always find some method of averting war.

A certain study of international law, not in its technical sense but in its broader aspects to-day, it seems to me, a very essential thing for men in your profession. You have the most powerful profession in the world—the study and control of credit; credit, by which every human activity is regulated and guided, and when it shall become possible for that force to be used all over the world to say that war must cease, then war will cease. There is an old story about a doctor, I believe it is of American origin, who said that the most sensitive nerve in the human body is the one leading to the pocketbook. (Laughter.) There is a great deal of truth in that, and when it is realized by people in all walks of life, and of all stages and degrees of education, that war is an economic loss, that it is imposing upon them an increasing burden which, some time soon, will become unbearable, the existence of a war party, a war lord or of a war clique in any country will be regarded as an act of treason.

I think that we must reach, some time soon, a certain balance of territory and give to the weaker and smaller nations some form of international deed to their land. Civilization has found it necessary in local com-

munities to give a man title deeds to his land. International law has not progressed that far and history—even very modern history—is filled with examples of brutal aggression, of the absorbing of territory of weaker nations under some flimsy pretext of bettering them or uplifting them, or making them see the light as some other nation chooses to see it.

Now we have the balance of power thoroughly established in Europe. The two great groups are balancing at the present time. (Laughter.) We must get a balance of territory. I do not know how this can be accomplished except by agreement between the more powerful nations of the world. But that agreement can be forced by public opinion when the masses of the people sufficiently realize the ills and the burdens from which they are suffering as the result of maintaining armed forces. I was reading over some statistics the other day. There are 5,000,000 armed men in times of absolute peace in the principal nations of the world and another half million manning those nations' fleets, or five and a half millions of men whose number is doubled or trebled when mobilization takes place and the reserves or militia are called out. These armies and navies are a burden upon the workers of this world. They produce nothing and consume much, and their very presence, except in so far as a small portion of them might be considered necessary as a reserve police force, is an incitement to aggression for statesmen who feel strong enough to attempt it.

If we are really civilized, if we are really making progress in the humanities, that condition must come to an end. I mean no disrespect to the career or profession of the soldier or the sailor. Our system has demanded them up to the present time, and probably will continue to maintain those nations' fleets, or five and a half millions of men whose number is doubled or trebled when mobilization takes place and the reserves or militia are called out. These armies and navies are a burden upon the workers of this world. They produce nothing and consume much, and their very presence, except in so far as a small portion of them might be considered necessary as a reserve police force, is an incitement to aggression for statesmen who feel strong enough to attempt it.

Now, as bankers, I do not think we want to finance war loans; it is not good business. I mean that in the broader sense, not speaking in the technical sense.

We wish to finance industrial loans; we wish to finance something productive, not destructive, and in so far as a very practical profession such as banking can have influence in this direction, in a purely moral appeal I think that its most enlightened minds realizing this will make it the fixed and united policy of bankers and financiers, and of great financial houses all over the world, to say to every government, "No war loan shall be financed except in the one case when a war is really justifiable, that is, when a people, justice-loving and willing to do justice, is actually outraged by some act of aggression." (Applause.)

I was very glad—and I will say that only came into my mind after hearing General Reyes' remarks—that he spoke so frankly here among us about a political subject; I mean a political subject in the broader sense.

I do not attempt to speak for my own country, but give only my personal views. As an American, I desire to say to him that I am glad that he had sufficient confidence in our love of justice and fairmindedness to realize that a respectfully worded appeal to our sense of justice could never offend. And I hope—though I know nothing of the merits of the question except that of the common observer who reads the papers—that if Colombia, or any other country, great or small, thinks that she has a just claim against the American nation for any international act, this country and we, its people, who claim to be and are, I believe, in our hearts, in favor of the amicable adjustment of all disputes, will grant a demand for arbitration.

Arbitration has always been the recourse of the weaker nation. Very rarely, on matters of vital importance, has it been granted by the more powerful one. I knew, when I was in Persia, of a fair and just appeal made to The Hague Tribunal—the call for which had been signed by most of the powerful nations of Europe—which was flatly denied. So I have little faith in arbitration treaties to secure justice. It must come from some more powerful influence and motive. Such treaties give us a means of procedure, but the willingness to submit all disputed questions between countries not involving some vital matter of national honor—and we must not be too sensitive about what constitutes national honor—for a man's honor is not aspersed by going into a court and having a case tried—this willingness must be manifested by the more powerful nations like ourselves. If we stand in this world for advancement toward world's peace, if we are frank and honest in our declaration that that is what we desire, we must be the first to show it by our acts. And I know of no better case with which to start, I know of no better example to give to the world, I know of nothing that would more strengthen this country in its position, its legitimate position, in the Western hemi-

sphere, than to grant a request for arbitration coming from a country in South America such as Colombia.

The Toastmaster:—We rather hesitated to ask Judge Crane to speak to a body of bankers, after some of the unpleasant experiences he has passed through recently, but we finally said that he need not mention the words "banker" or "finance," if he would just come and talk to us a few minutes, and so I have great pleasure in introducing to you Judge Frederick E. Crane of the Supreme Court, Second Judicial District.

Judge Crane said:

Mr. Chairman, Ladies and Gentlemen:—I have hardly caught my breath from hurrying over here from a little suburb called Brooklyn, where I had to speak, and I am reminded by seeing the ladies here of a gentleman who went home to his Harlem flat from an Astor dinner one night, and walked up six flights of stairs and found his wife waiting for him at the top, and she looked at him and said, "Why, why, my dear, what's the matter?" "Oh," he says, "Dearie, I've lost my breath." "Well," she said, "Kiss me quick before you find it." (Laughter.)

For me to come from the prosaic duties of the law to address the bankers who deal so much in poetry and romance and paper (laughter) requires some nerve. Well, I haven't it, but am reminded of the advice given by a young lady to a young gentleman upon the seashore of Southampton. He had been keeping company with her for some little time and they were sitting one summer's day under her sunshade on the beach and the conversation, if there were any, certainly was so interesting that the young gentleman got a little closer and a little closer, and was just about to kiss her when he drew back embarrassed and startled, and she said, "Why, John, what's the matter?" "Well," he said, "I got some sand in my mouth." "Well," she said, "swallow it quickly, you need it in your system." (Laughter.)

Of course, I suppose you have had a great deal of eloquence. I know one speaker here at the table who was addressing you as I came in, to whom you could well listen with profit. Mr. Shuster. I have had the delightful and great profit of meeting him and dining with him personally, and have received information, part of which I know you have profited by to-night. And you evidently have had other speakers to address you and teach you all how to make money quickly. (Laughter.) But I feel very much that after-dinner speaking, of which I hear some and do a little, but speaking in general, of which I hear so much—and you must remember that I am paid to listen and you are not (laughter)—of which I hear so much is illustrated by a story told me by General King, old General Horatio C. King, which he told me Tuesday night, as we were coming home after a banquet together. We had listened to a great many speakers, and at last he said, "I am reminded of a story of two men who met in the street, and one said, 'You know they don't put people to death in New York State now for murder. They don't hang them for doing anything'; and the other man said, 'Why, yes they do, they hang them for murder.' 'No, they don't.' 'Why?' he said, 'what do they do with them?' 'Why, they kill them with elocution.'" (Laughter.)

Well, friends, I am only here for one reason. I have not anything to say to you on finance. I do not know anything about it. I never had money enough to start a bank, and yet I have a very warm place in my heart for the young men in a bank, and when I heard that this was to be a dinner of the young men connected with the banking institutions of New York City, I thought I would come and pay my respects to you, and for a reason which you did not know, pay my respect and tribute to the past, for I worked one year as a clerk in a bank. (Laughter and applause.) It was the Nassau Bank, at the corner of Nassau and Beekman Streets. I think it is the National Bank now, and Mr. Earl, who was my side partner in clerking it, is now the President of the institution. (Applause.) And so I will just forget you for a moment and pay my tribute to those few days between the school and the college when I spent a year in the bank and learned all I ever knew. (Laughter.) Now, that's no joke (laughter), although you may think it so, for I learned this one thing, which is so important that it has served me in good stead ever since. I learned how to work, and that is an art. There are many things a man knows. You can buy knowledge; and sorry to say you can buy it very cheap, but the man who knows how to work at the time when it is required has a great education, and many miss the mark, as you know and as I know, simply because they do not know how to work. Now, I never really learned the value of two cents until I went in the bank, and then there was a difference. (Laughter.) And I was assigned to help hunt for it on the very night I had an engagement to go out. I think they have raised the ante now; I do not think they hunt for two cents now; I think it is five cents, or something of that kind. (Laughter.) But at that time I would have

paid the two cents and gone home, or taken it out of my salary, but that was not the principle of it; there was a difference, and it had to be found before daylight next morning. (Laughter.) And we had to stick and find it. I was not the receiving teller but I had to help, and it so impressed upon me in the very early ages of my career, away, "way back in the distant past, there was this one thing, before I went to college, before I went into a profession, this one thing, that work, and work when it was necessary, was a very important part of a man's make-up, and that little trifles were very, very big if they were principles, and when a man gets those two things well ground into him, work and principle, and that both must have place over engagements and family, and the ladies and dinner and supper and everything else, well, something happens if he don't get there some day. Those are valuable things to learn, and so I have only come over to-night to say to you men who are so very much younger than I am, to say that I owe a great debt to that banking institution of New York City which knocked into my early career the fact that I had to work; I had to work for a principle of two cents. It had to be done now, and if I did not like it there was somebody else to take my place. Now, those are great things for a man to learn who comes out of college.

It reminds me of the story of a young man who trained for the ministry. His aunt put him through college, and she put him through the seminary, and then he was called upon to preach, and he thought, in order to pay her for all her time and devotion, he would ask her to come and hear him. So she came and she listened to the discourse, and as they went home after church, side by side, she was very quiet. At last he said, "Why, Auntie, what did you think of the sermon?" "Well," she said, "John, how did you come to go into the ministry?" (Laughter.) "Why," he said, "Auntie, it was a call from God." "Ah, John," she said, "are you sure it was not some other noise you heard?" (Laughter.)

So it is a good thing at the commencement of any man's career, whether it be as a banker, or as a lawyer, or as a clergyman, or as a physician, to have some good practical principles which are universal and apply everywhere, and a few of these principles I learned in the Nassau Bank. (Great applause.)

The Toastmaster:—Gentlemen, we have with us to-night a man I want you all to know. We are honored in having with us the President of our National body, and I take great pleasure in presenting to you Mr. Byron W. Moser, President of the American Institute of Banking.

Mr. Moser spoke as follows:

Mr. Chairman, Fellow Members of the great, grand, glorious American Institute of Banking, and the Ladies:—I am exceedingly glad to be with you to-night. I do not know how to express my pleasure because there are some times or periods in a man's life when words fail him, and this is one.

I sort of feel as though I wish I were in the position of a man who was recently elected to an office. This man arose before the audience and said, "Gentlemen, this is certainly unexpected. I had no idea that you were going to elect me to this prominent position. It is the last thing on earth that I expected," and then he went on and repeated that in about half a dozen different ways, and then he pulled a carefully prepared paper from his pocket and said, "I will now read the following appointments." (Laughter.)

I say I would like to be in the position of that man, even though what I have to say will be very, very brief. I want to take occasion, however, to congratulate New York Chapter on the excellent record which it has made during the past portion of this year, and the record which it will make during the coming portion or balance of the year. The chapter is to be congratulated perhaps, more than the words that I can utter will tell you. I want to tell you that the example you are setting in New York City for the strict educational work, the example which has been set ever since your chapter was started, is a great incentive to especially the smaller chapters throughout the United States, and as your President has told you, we now number among our organization some seventy chapters, with a total of some fourteen thousand men, but I realize now that I am talking just a little more than I had figured on. I am reminded of one more thing that I must say before I sit down, and that is this, I heard of a college professor not long ago, who had the privilege of addressing an audience of men, and he told a little story on himself that struck me as rather appropriate for this occasion. He was a suffragette, and the ladies particularly, I think, know what suffragettes are, and I hope that the men do, so that they can appreciate this story. This man was asked to take part in a parade which was to be given, but being a college professor, and naturally of a retiring disposition, he felt as though he could not come down

to the level of carrying a banner in a parade; but the women got after him, and you know when they get after you, you have got to do what they want, and so they persuaded him to take part in this parade and carry a banner. He did it, but instead of carrying it as most of the women did, that is, carrying the banner straight up in the air so that what was written on it could be plainly seen by the people along the street, he carried that banner so that it hung over his shoulder so that the reading matter on the side was hidden from view. His little son noticed it, and also being very desirous of knowing as much as he could, he said, "Father, why was it that you carried your banner as you did? Why was it that you let the ladies go along and carry their banners straight up in the air, as though they were proud of it, and you walked along as though you were ashamed of it? Tell me why it was, father!" And his father, being an honest man, said, "Son, I will tell you. That banner had written on it these words: 'Men can vote; why can't I?'" (Laughter and applause.)

Now, gentlemen, the final word that I have to say is just simply this. The American Institute of Banking banner is a banner which every man should be proud, extremely proud, to carry with the inscription straight up where everybody can see it. I know the audience here will do that. The men who are here realize what an organization this is, and what I shall ask you as my final word is, "Carry the banner so that you can make the man next to you feel proud to do the same thing." I thank you. (Applause.)

The Toastmaster:—No gathering of New York Chapter would be complete without a few words from one who bears an especial relation to us, and so, very much against his personal wishes, I am just going to ask Mr. Cannon to say a few words to us. (Applause.)

Mr. Cannon:—I am beginning to feel that I am getting to be an old story, as this is the twelfth banquet that I have been called upon to end up. (Laughter.)

But I am not going to say much. I simply want to congratulate the last three members of New York Chapter. We have now a membership of 2,003, and I want to congratulate the last three as coming into New York Chapter and filling up that gap. Some of us last year said something about New York Chapter, that we are going to stand by them for another year, and I am delighted in what our President has said to-night, that New York Chapter is not going to call upon its guarantee fund this year. That is a splendid achievement by you men, and I congratulate you upon your remarkable showing. I congratulate you upon what you are doing this year, and I am sure next year we will come here with 2,500 members. (Applause.)

The banquet closed with the singing of "Auld Lang Syne."

Chapter News.

At the consul's meeting the other evening among the interesting points discussed was the debate on the Extension of Agricultural Credit to be argued at the New York State Bankers' Convention to be held at Ottawa, next summer. The invitation to participate has been extended to the chapters of New York through George E. Allen, Educational Director. Latest information has it that Syracuse Chapter will support one side of the question and New York will hold up the other. A great deal of interest has already been aroused and a lively contest is expected.

In recognition of the faithful support and deep interest so long given to our work by Wm. M. Rosendale, Assistant Cashier of the Market & Fulton National Bank of this city, the Board of Governors of New York Chapter at its regular monthly meeting held on the evening of February 11th, unanimously passed the following resolution: "New York Chapter suggests Wm. M. Rosendale for the Chairman of the Institute Executive Council. Mr. Rosendale is an Institute graduate and represents orthodox educational principles and policies. His sound convictions, broad experience and exceptional personality eminently qualify him not only to participate in Institute administration but to represent the Institute in the Executive Council of the American Bankers' Association."

Mr. Rosendale is a past president of New York

Chapter and has long been an earnest worker in Institute interests. He is a man of remarkable executive ability and well known to Institute men throughout the United States.

OAKLAND.

By S. C. Scott.

JAMES K. LYNCH, vice-president of the First National Bank of San Francisco, addressed Oakland Chapter of the American Institute of Banking at its Fourth Annual Banquet, held at the Hotel Oakland, February 14, 1913. His talk was a general review and analysis of the banking business of the country. Beginning with his first experience as a messenger, 35 years ago, at the same bank with which he is now connected, Lynch spoke of the evolution of the banks from institutions that were merely super-brokerage houses to the present functions, which are the establishing, receiving, and transference of credit.

"Only 5 per cent. of the banks' business is actual cash," he declared, "and the other 95 per cent. is represented by checks of credit, so to-day the banker is the custodian of credit, and not money."

"The check system is one thing in which this country stands absolutely pre-eminent. No other country permits the small dealer and private individual this advantage. If it were not for this development our financial system would be completely broken down."

"I did not come here to discuss the Aldrich plan, but in reading the recent criticism of a writer who advised the abolishment of the credit system, I was forced to think what a calamity it would be if 95 per cent. of the business of the banks was stopped."

"That the present system exists and is able to exist is the reason that it is justified. The system has grown gradually; it has not been coddled by laws."

"As long as there is a big crop there is no call for money, and it makes no difference how much there is. It is only during times of adversity that there is a cry for an increase in currency. Then financial quacks come to the front and tell the people that the government should get busy and make more money."

"There is nothing more elusive than gold. No statistics are reliable, for the fact is that the money is being constantly buried. When the Italian portion of San Francisco was rebuilt in San Francisco, it was done without the assistance of the banks. The money had been buried. The people of India are at this time absorbing millions of dollars in gold. The country is undergoing a wave of prosperity, but as fast as the gold reaches the banks of England and elsewhere it vanishes."

"The people of India are not to be blamed for this, however, for they have the example of the United States, which buries more gold than any other nation in the world, but the gold is no more elusive than credit, which also may vanish overnight."

"I wish to say in conclusion that the country is all right. The common people are among the best people on earth. They are essentially strong and are willing to act on the truth when it is presented to them, and if one will follow the advice of the elder Morgan, which was never to sell United States short, and preserve a proper understanding with the people, he will generally succeed."

Frank Figone, a bass singer, was heartily endorsed, and Max Horwinski, introduced as a professor from the University of Giersberger, handled the philosophy of the business situation in lighter vein. Will Rattray played instrumental solos, and Theodore Jenkins sang for the delectation of the members of the Institute.

F. H. Coburn, secretary of the California Bankers' Association, was also called upon for a few words.

The regular monthly lecture for the month of March will be delivered by Prof. Henry Morse Stephens, of the University of California, on the 20th. The "History of Banking" will be his subject.

OMAHA.

By W. O. Liljenstolpe.

ALTHOUGH the reorganized Omaha Chapter is practically in its infancy, the present outlook is very bright for a successful year along educational lines. The members are now realizing the benefits that they are able to derive from the Institute work, and they are now requesting permission to join rather than having to be called upon, as has been experienced in previous years. This awakening of the members means a great deal to the officers, and we are using our best efforts to keep up this interest so that every member will be present each meeting, "with an abundance of enthusiasm."

The chapter regrets very much that E. F. Folda, formerly vice-president of the Stock Yards National Bank, has left Omaha. Mr. Folda always proved a very efficient man in conducting our question box and as he took a great deal of interest in our chapter work, we are very sorry to lose him.

E. M. Martin, attorney for Nebraska Bankers' Association, has given a number of lectures on the Negotiable Instruments Law, which have proven to be very instructive, and at the same time they are given in such manner as to be very interesting.

The chief difficulty which now confronts our chapter is that the interest at each meeting gets to such a high pitch that we almost hold "all-night sessions." Omaha is at last awake and we hope to take part in all "National Issues."

PHILADELPHIA.

By Thomas W. Smith.

THE dinner given to and in recognition of the work done and good accomplished by Cap'n Nor'n Hayes' team in increasing the membership was a real success. Held February 8th at the Continental Hotel it was the affair of the consuls of our chapter. They suggested it, fostered it, and carried the idea to a very successful conclusion indeed. The speeches that evening were devoted almost wholly to "looking ahead," and some new innovations were born which our consuls—"the practical innovators" they are called—will work out, no doubt, for the good of the chapter, as they have developed others which have originated with them in the past. By mutual consent the membership teams will retain their identity, and, continuing their activities, it is expected that "success will succeed success" in their efforts to make the membership still larger and more active. Since this recruiting contest began our active roll has added 210 new names.

At this writing, February 27th, the Post-Graduate Forum has had four meetings. Without exception all of them have excited the liveliest interest and the papers read and discussed by the members have called forth much timely and valuable information. Each evening is devoted to three papers dealing with three paragraphs only of related subjects. As a result of this plan the study undertaken will be more or less exhaustive, and should give all those who are undertaking the course an opportunity to secure an intimate knowledge of financial history and problems past and present. The method adopted involves the collective effort and painstaking research of every member, and the benefits derived in this way will redound to all according to the measure of time and thought each is willing to give to the various subjects as they come up for consideration. The information to be gained through such a well-adapted course holds great possibilities for the Institute and Institute men. And whenever such study is entered into it is sure to become one of the most telling and appreciated endeavors of the chapters.

The Negotiable Instruments Class engaged in an advance course of law dealing with bills of exchange and commercial paper, promissory notes and checks, has been holding forth every Thursday evening regularly, and the "weight and standing" of some of "our little lawyers" has noticeably increased. It is a fine course under the tutoring of one of our own boys—Mr. Allen, of the Philadelphia National Bank, and he deserves unstinted credit for the thoroughgoing and

illuminating manner in which he presents his subject. Their motto is not the title of that old engraving—"It is not so much to know the law as to know where to find it," but rather that "Knowledge is Power."

"Mid-year Exams" in the Banking Course have just been concluded, and now the class are praying for creditable marks upon some quite difficult questions. That part of the teaching conducted by Dr. Kemmerer has been finished. Dr. Kemmerer, who holds a professorship in Economics at Princeton University, and is the author of the fiscal plan adopted by and now in successful operation in the Philippine Islands, combines a knowledge of practical every-day usage with theory in a way which makes the matter imparted by him of real value in application. It is a matter of regret that Dr. Kemmerer's course of instruction has come to an end, since he has made many friends and admirers in the chapter during his series of lectures. But other equally good numbers are on the "program," and the "stiff" examinations having "keyed up" the members to a "high pitch" they are now "tuned" to take up a series of lectures under Walter K. Hardt, of the Fourth Street National Bank; F. B. Snyder, First National Bank; Dr. S. S. Huebner, University of Pennsylvania, and others. The chapter, always active in educational work, has gathered more than its usual "momentum" this year, and it is expected that we shall add largely to our already large list of certificate holders, thus keeping pace, at least, with our past record of solid accomplishment.

The number of financial institutions contributing to our chapter this year is the largest in our history. They have reached a total of sixty-seven, and this would seem to indicate a growing appreciation of our aims among the senior bankers. Most of these contributors, we believe, feel that money which they have donated to us is well spent and justifies their charging it into their bank's "value received" accounts.

On our February lecture night, Wm. J. Montgomery, President of the Eighth National Bank, chose as his subject "Profit and Loss," and delivered himself of some advanced ideas concerning efficiency and profit—deficiency and loss—as they are coming to be applied to the banking business. He advocated analysis and synthesis of bank's deposits and expenses in relation to all the factors entering into specific data regarding earning power. As an example of what could be done along such lines, he pointed to the cost systems and labor-saving devices which have been adopted in the industrial world with a consequent reduction in producing cost, and compared the banks' attitude toward these questions, which is far behind the times as a general rule. Speaking of this, he intimated that the banking fraternity might compel every account to "pull its own weight" if they would stand together and not take accounts cast out by other banks as well as offer all sorts of inducements to other banks' customers to make a change. He spoke further of the opportunity for co-operation in credit matters. An interchange of information through an organized body of the banks would most certainly tend toward safer loans, and we can all hope for the day not far distant when an agency of this kind will be in existence and will eventually be national in scope. What a comparatively simple mechanism it would be, and what a complex undertaking it is to get into operation! Mr. Montgomery feels also that paying interest on bank deposits has been abused, and that competition as now carried on not only tends to make business unprofitable, but makes satisfied customers dissatisfied without just cause.

Chas. L. McKeehan, member of the Philadelphia Bar, addressed the chapter at this meeting upon a subject which is likely to take, sooner or later, in these days of remedy and reconstruction, a more prominent place in the discussion of corporation abuses—namely, "Stock Certificates without the Dollar Mark." He offered many most sensible reasons for the elimination of the "par value" from our thought and valuation of stock offered for sale to the public. He also showed how the corporations would benefit by the change. This able address appears in full in this issue of the BULLETIN, and we recommend a perusal of it especially by those interested in securities.

President Moser visited us on this occasion, and

we greatly enjoyed his company and his impromptu remarks. Ask him if Philadelphia hasn't "got the punch."

Our Annual Banquet will be held March 15th. Much might be said in advance upon this event, but much more can surely be said after we and our visiting friends have sung "Auld Lang Syne" at its close. Let it suffice to state that all reservations were made a month before the date set for the "spontaneous combustion," and half as many more could have been disposed of had the committee been able to find accommodations for service of a banquet which now taxes the largest and finest hostelry in our city. You'll hear more of this banquet. It promises to break all records in several directions.

Washington, Baltimore, and Philadelphia chapters, each with two teams in the field, debated one another simultaneously in the three cities on the evening of February 21st. Baltimore sent a team to Philadelphia. Philadelphia to Washington and Washington to Baltimore. The question at issue concerned Branch Banking as suited to the banking problems which confront the country, and the arguments brought out an amount of enlightenment from every point of view. It may be our pleasure to publish some time later a summary of the arguments pro and con. Having won this three-cornered contest our debaters will now devote their time to preparation for a debate with Scranton Chapter, which will be preliminary to the Annual Debate before the Pennsylvania Bankers' Association Convention, this year to be held at Pittsburgh. There is also in prospect a debate with New York Chapter as our opponents.

PITTSBURGH.

By Leo G. Griffith.

PITTSBURGH CHAPTER again demonstrated its ability along the line of debating, by decisively defeating Cincinnati Chapter on the evening of Lincoln's Birthday, at Cincinnati, the subject of the Debate being: "Resolved, That the existing system of banks, trust companies, savings institutions, and insurance companies are capable of properly financing agriculture in the United States of America." Pittsburgh was represented by Messrs. George A. Rankin, Albert T. Eyler, and John A. Price, while the Cincinnati end of the debate was looked after by Messrs. William Beiser, Geo. Schraffenberger, Jr., and J. H. P. Brewster. The judges (whose decision was unanimous) were: F. L. Cook, Vice-President of the Second National Bank; Prof. Benjamin Carlton Van Wye; Rev. John W. Langdale; Griffith P. Griffith, President of Citizens' National Bank, all of Cincinnati, and Fred A. Crandall, Vice-President of the National City Bank of Chicago. This is the second time within a year that Pittsburgh has defeated Cincinnati, and, while we do not wish to disparage the ability of our friends from Ohio, we fear they will have to "go get a reputation" before again tackling the boys from the "Smoky City."

A debate of local interest was held on February 18th, between two teams from Pittsburgh Chapter, on the subject of "Woman Suffrage," the decision being rendered in favor of the affirmative.

At the Convention of the Pennsylvania Bankers' Association, to be held in Pittsburgh on June 20th, the local chapter will defend, against one of the Eastern chapters, the silver loving cup offered by the Pennsylvania Bankers' Association, and much interest is being manifested in the outcome of the debate, owing to the fact that in case Pittsburgh again wins the debate, this cup will become the permanent property of the local chapter, it having successfully defended the cup twice before.

A novel feature will be introduced by the Public Speaking Class on the evening of March 18th, in the way of a "Mock Banquet," and, while there will be no repast served at this affair, it will give an opportunity to the members to bring out their ability to respond to "toasts" at public banquets, etc. P. S. Space, Chairman of the Educational Committee, will be toastmaster, and toasts will be responded to by Frank G. Wattles, A. I. B.; R. S. George, "Opportunity"; H. E. Reed, "Loyalty," and Earl Gosser, "The Bank Clerk."

It is most evident that the good work being done by the American Institute of Banking in this country is being recognized fully by the various banking journals, by the way in which they are adding an "A. I. B. Department" to their magazines, "Moody's," 35 Nassau Street, New York, being the latest to add this department to its magazine. The local chapter had the pleasure of being addressed on "Opportunity," by Thomas E. Dockrell, within the past month.

An event of more than passing interest was the visit paid Pittsburgh Chapter on February 4th by Hon. O. A. Stanley, of Kentucky, Chairman of the U. S. Steel Investigating Committee at Washington, who talked on "The Two Socialists," and in his speech he drew vivid pictures of the dangers which threaten the Government of the United States, owing to the business methods employed by most of the "Trusts." He said the people of the country are between two forces, one of them the growing socialist movement, and the other the corporation corruptionists, who are striving by every possible means to create and maintain monopolies. He declared himself against both of them, but said he regarded the monopolists as the more dangerous. The only proper way to deal with them, he stated, and the only way by which the institutions of this country may be preserved, is by the strict enforcement of the law.

On February 18th, Dr. J. T. Holdsworth, Dean of Economics of the University of Pittsburgh, began his last course of lectures before the chapter, his subject being "Evolution of the Corporation," and the clear and able manner in which he handled the subject was very pleasing to a large audience of the members and their friends.

A most useful pamphlet has been issued by the officers of the chapter in the way of a Syllabus of the Lectures of 1912-13 delivered by Prof. Jos. R. Conrad, on "Contracts, Partnerships, Estates, Bankruptcy, Sales, and Bailments." This book is an excellent idea, for it is very unsatisfactory, as a rule, to take notes at such lectures and keep them in a shape that will be of lasting good to the members, and now for a nominal sum the local members have a complete resume of these very important lectures.

Pittsburgh Chapter has a big membership campaign on at the present time, the slogan being "1,500 members by March 15th."

We noted with much pleasure the remarks of Mr. Scherf, of Baltimore, in the February Chapters, when he took issue with the gentleman from Albany, with reference to the reasons advanced by some clerks for not taking part in the educational work of the Institute, these clerks asking the question, "What good would it do to learn all about banking?" that it will not get them any more salary, nor will it make them officers of banks. Along this line, Pittsburgh Chapter takes great pleasure in announcing that within the past month five of its active Institute men have been promoted to positions of greater trust in their respective banks. D. H. Thomas and C. D. Richardson have been made Assistant Secretaries and Treasurers of the Commonwealth Trust Co.; J. E. Rovensky has been elected Assistant Cashier of the First National Bank, and Fred G. Lancaster and George Selfert, Jr., have been made Assistant Cashiers of the Keystone National Bank. Mr. Rovensky is an ex-President of Pittsburgh Chapter, and the others have always been active, energetic members of the chapter. The very fact that a young man in a bank has the ambition and desire to become more proficient and capable in his chosen profession by actively engaging in the Institute work of bank education shows that he would take the same interest in the affairs of the bank were he to be placed in an executive position, and bank officials are not slow to recognize this when looking around for "100 per cent. men."

Washington will not be the only place that will have a "Big Time" on March 4th, for on that evening Pittsburgh Chapter will have as its guests George E. Allen, Educational Director of the A. I. B., and Fred I. Kent, Vice-President of the Bankers' Trust Co. of New York. Mr. Kent will speak on "Exports and Imports," with stereopticon views.

On the evening of February 27th we had the annual Money Counting and Adding Machine contest

under the auspices of the Burroughs Adding Machine Co., which company offered \$100 in cash prizes. This is a yearly event that is looked forward to with much interest among the younger bank men of the chapter.

RICHMOND.

By John S. Haw.

THE Executive Committee having decided on September 17th, 18th, and 19th, the Richmond Chapter boys have started plans for the biggest show ever pulled off for an Institute Convention. To tell you now what we are going to do with you would never do, but leave it to us and the only use you will have for the bottle of catchup will be on the sleep question. We have been informed that the Program Committee for the Sessions will give us the best Convention ever held and the local crowd will try to keep the entertainment features equal to the high standard of the speakers who will address you. Headquarters have been established at the Jefferson Hotel, one of the finest hotels in the entire country, and reservations should be made direct, as we believe that to be the better way of causing the least confusion. Should any information be desired or special attention wished relative to the hotel arrangements, for the present address Geo. H. Keese, care of the Merchants' National Bank, who will be pleased to see that all requests are given proper attention.

Richmond is one of the leading historical cities of the United States, and while we do not expect to occupy your entire time with things of the past, yet we realize that many will be interested in such features, and our endeavors will be to satisfy the desires along those lines. There are museums of every description containing relics from the days of the first settlements in Virginia up to the present time. Some details will be given in the next issue of the BULLETIN, but just now we ask that you make your plans to come to Richmond for September 17th, 18th, 19th, and 20th, when we wish to have with us the largest delegation ever attending an Institute Convention. Remember this also—we want you to bring the ladies with you. A Virginian is never more pleased than when he is with one of the fair sex, so help to make the Convention a great success in this respect.

Illustrating the difference between the Canadian banking system and that of the United States, in an address before the Richmond Chapter, American Institute of Banking, in the Jefferson Hotel, this assertion was made by Dr. Charles W. Kent, of the University of Virginia:

"The Canadian system is not the result of legislation by politicians, but is the codification of long-tried banking practices which proved themselves best adapted to changing business conditions. It is an evolution, and is in the nature of a compromise between the centralized system of England and the decentralized system of the United States. While not the ideal system, it is declared by economists to be the best that has yet been devised." Dr. Kent's explanation of the Canadian method of banking was received with close attention by the group of young bankers who crowded into the Flemish room of the Jefferson. He carefully abstained from criticising banking systems now up for consideration before Congress, and refused to propose or indorse any system of his own. The Canadian system, he said, is marked by four desirable peculiarities: co-operative solidarity, safeguards of incorporation, liberality of charter provisions, and elasticity of currency.

In the course of an explanation of the operation of the parcels post system, which Acting Postmaster Southward delivered to the chapter, he said that he expected the repeal of practically all the present restrictions on this innovation within the year. The postage would be reduced, he said, and the weight limit raised to twenty-five or fifty pounds. The zone system was established, he said, to protect local merchants from competition with the great mercantile houses of New York and Chicago. By virtue of the extra postage imposed by the zone system, the Chicago establishment cannot compete with the Richmond merchant in territory within a radius of 200 miles of this city. By an unintentional freak of the zone sys-

tem, he said, Chicago merchants cannot enter the local field in competition with New York houses. Chicago falls just within the fifth zone from Richmond, and New York barely within the third, making a difference of two zones and heavy postage between Chicago and New York.

The technical topic of the evening was handled by George Bryan, attorney for the Virginia Bankers' Association, who delivered the third and last of a series of addresses on "Negotiable Instruments."

SAN FRANCISCO.

By William A. Marcus.

AT the annual meeting of San Francisco Chapter the following officers were elected: President, R. A. Newell; Vice-President, J. S. Curran; Secretary-Treasurer, J. I. Riordan; Governors, W. F. Gabriel, H. A. Haake, Edw. Moffatt, Jos. H. Leale and C. H. Holt; Delegates to the Eleventh Annual Convention, R. A. Newell (ex-officio), J. W. McDermott and Wm. A. Marcus.

Following the election an adding machine contest was held and the prize winners announced as follows: 1st, Roy Barber, Union Trust Co., time: two minutes forty-five seconds; 2d, W. F. Gabriel, Wells-Fargo Nevada Nat. Bank, time: two minutes fifty-five and three-fifths seconds; 3d, Lloyd Head, American Nat. Bank, time: two minutes fifty-seven seconds. One hundred and fifty checks were listed by the contestants.

Final examinations in banking were successfully passed by the following members: J. C. Lipman, E. V. Krick, Edw. Moffatt, Prosper L. Wolf and Wm. A. Marcus. Examinations in law will be held this month.

We are pleased to report a net increase of sixty-three members during the past year, and are justly proud in mentioning the following Institute men who have recently been made assistant cashiers of their respective banks: M. R. Clark of the First Federal Trust Co., J. S. Curran of the Humboldt Savings Bank, B. D. Dean of the Crocker National Bank and R. R. Yates of the First National Bank.

Baseball teams are putting in some hard practice for the coming season and a lively race for the bankers' pennant is expected.

The entertainment committee are busy preparing an exceptional program for the annual show in April.

SALT LAKE CITY.

By Frank Beckwith.

WHEN the subject was assigned for our first debate of this season, "RESOLVED, That personality and efficiency are greater factors for success in banking than financial backing," the older men grew silent, shook their heads, and after due rumination, one by one thawed out in a burst of confidence, the general trend being, "Too bad! That'll grow personal; why couldn't the committee have chosen the Panama Canal, or some other confounded topic, far enough away from home so that a fellow can safely talk on it?" And when the boys gathered at the Commercial Club to hear the debate, the few that dared turn out, and the few who were curious to know who would get hit during the rounds, were in about equal trepidation.

The stunt was pulled off. Kelly and I walked up the street debating whether we should give the result for publication to the morning home papers or not, finally deciding that it must be suppressed locally at that time. And why that attitude, pray? Because the side that argued that without financial backing (with all its ramifications of heir, pull, etc.) one might as well lie him for the tall trees of oblivion; and that side so put it over the personality and efficiency chaps, that the judges were unanimous. Think of the publicity committee giving that for publication. And they the mouthpiece of an Institute whose aims were personality and efficiency! So we padded the reporters with other guff and as to the debate kept a very discreet reticence.

For how would Boud, the chairman of the winning side, have faced his board of directors next

morning as the proclaimed victor in a bout in which he had proved so very, very conclusively, that it's the mazuma that gets there;—that the boy who was there with the goods was not in it for the good jobs with Wegginal who married Gladys, or with a director's neevie! The debate was the richest piece of humor of the season. Boud had an inventoried list of argument and illustration, and, when carried away with his own rhetoric, interspersed his remarks with, "I'll tell you what, fellows"; and took down the house when in reply to a personality flung at his side reeled off the bat, "Why, if that gazaboo had to shift for himself he couldn't earn his salt." There were indeed some body blows given, and had it not been for the entire good will of the house, one or two flings would have left a sting of resentment; but, in the rumpus, judges and audience were so tittering that when Boud gave the knockout quotation from Bradstreet that ninety-seven per cent. of failures were caused by insufficient capital (and he twisted that to mean for his side "financial backing"), he was conceded the victor.

Then he took the floor and apologized to his opponents, and placed himself right with his audience by saying, "Because we out-talked you fellows doesn't mean that we believe our arguments," and turning to us in the audience, "Nor we don't want you fellows to believe it either!" Oh, that debate was a dandy!

We had another one the other day; in comparison, a kind of sewing circle affair, somewhat as if the ladies had met in the rear room of a morgue: "RESOLVED, That the handling of transit items by the Clearing House is preferable to the handling of transit items by the individual banks." Even the judges couldn't reach a decision. Too much shop. Can't interest a hangman off duty in ropes.

By the time this issue of the JOURNAL-BULLETIN reaches its readers, our sister chapter will be thinking seriously of whom to choose as delegates to our next Annual Convention. Salt Lake Chapter instructs me to publish a general thought on this subject from the city last favored by the presence of our gathering. To attempt to do so in terms of an exhortation to our sister chapters to do their duty in choosing their best men as delegates would be insipid; to ask them to beware of politics within and to select merit would be trite; to make any call, in fact, is mere empty platitude, a dull commonplace, time worn and frayed of meaning. It must needs be presented in originality.

I think in the refutation of the following quotation our object is accomplished: Thomas à Kempis quotes Seneca as saying, "As oft as I have been among men, I returned home less a man than I was before."

Exactly the opposite is the benefit received by attending our Conventions! Every man returns home more a man than he was before. And he gives double to the favored city, bestowing more than he receives.

Let us give our best men to Richmond—ourselves benefiting.

SEATTLE.

By W. T. Burke.

MEMBERS of Seattle Chapter are already looking forward to the third annual banquet which will be held the latter part of next month.

A committee composed of R. H. Wilson, chairman, Dexter Horton National Bank; J. H. Newberger, Seattle National Bank, and G. E. Maine, of the Dexter Horton National Bank; D. L. Davis, of the Northwest Trust & Safe Deposit Company, and Roy Jensen, of the Scandinavian American Bank, have been appointed to make the necessary arrangements. Since the two previous banquets were unusually successful the members of the committee do not anticipate any trouble in enlisting support by the bank men of the city, but they do realize that they must exert themselves to provide a program equal to that prepared last year and the year previous.

At the regular February meeting Professor Harvey A. Lantz, of the University of Washington Law School, lectured on the subject of "negotiable instru-

ments." Notwithstanding the fact that the educational class has been devoting one evening each week to the subject during the past month, the members all seemed to appreciate this special lecture.

At the March meeting an adding-machine and money-counting contest will be held, as well as a primary election for nominating candidates to be voted for at the annual meeting one month later.

SPOKANE.

By C. E. Cooper.

THE main feature of our February open meeting, which was on Wednesday, February the fifth, was a debate on the question, "RESOLVED, That Spokane County should adopt the single-tax method of taxation," the affirmative side being upheld by Albert Kaye and Charles E. Allison, of the Spokane & Eastern Trust Company, and the negative by Louis F. Bradley, of the Exchange National Bank, and A. F. Brunkow, of the Union Trust & Savings Bank. Spirited arguments for both sides were advanced in a very able manner, the question being decided in favor of the affirmative. The debate was followed by an address by M. M. Higley, President of the Northwestern Business College, of this city, whose subject was, "The Psychology of Success." As Mr. Higley is a successful man himself, having built up one of the largest business colleges in the Northwest, he is certainly entitled to a few remarks on that subject, and I am sure that out of a large number of business men and bank men that had the pleasure of listening to him, at least some will acknowledge their indebtedness for new ideas that will help forward their own future successes. Music was furnished by Otto Allgaer, member from the National Bank of Commerce, who rendered several piano selections. Mr. Allgaer is our official musician, and is always listened to with a great deal of fear.

We are practising up for our next open meeting, which will be the first Wednesday in March, as we are to have chart-adding and machine-adding contests. We expect before the end of the month to give another theatre party, which will be for the purpose of raising money for additional equipment for our club rooms, furniture and library. We gave a similar party about a year ago and cleaned up our indebtedness, caused by furnishing our rooms.

UTICA.

By F. P. McGinty.

AFTER considerable work the bankers of Utica have finally formed a local chapter of the American Institute of Banking. A meeting for organization purposes was held early in January, at which a constitution and by-laws were adopted, officers elected, and committees appointed. A board of governors having been elected, they at their first meeting planned to hold the first chapter meeting on Tuesday, February 4th, our study meetings to follow weekly thereafter. We have engaged the services of Professor Goodhue, Department of Economics and Sociology at Colgate University, as instructor in the part of the study course pertaining to economics.

Our first chapter meeting was held in the auditorium of the Utica Y. M. C. A., invitations having been sent to all officers and directors of the local banks as well as the bankers in the vicinity of Utica. We had several of the officers and directors as our guests on that evening. Through our President, Mr. Owens, a fine musical program had been arranged, following which A. W. Loasby, Vice-President of the First National Bank of Syracuse and President of the Syracuse Chapter, spoke regarding chapter work in general. Having been president of the Syracuse Chapter since it was organized, he was able to give us much good advice regarding the future conduct of our chapter. This was followed by an address by Professor Goodhue, of Colgate University, on "Banking Reform in the United States." His address was a very learned discussion of this important subject. While, perhaps, some of the junior clerks did not fully appreciate it, the senior clerks and offi-

cers were greatly interested. We feel that we have made no mistake in the selection of Professor Goodhue as our instructor, for at this our first meeting we were very much pleased with the clearness and force with which he treated his subject.

Regular study meeting of the Utica Chapter was held February 11th. As was planned, this was our first study meeting. There were about fifty men present, every bank in town being well represented. The matter of electing a librarian was presented by the President, who stated that the nomination for that office was now in order. C. J. Lamb moved the nomination of C. Ray Hicks. The nomination was seconded by Francis P. McGinty. There being no further nominations for the office a vote was taken and Mr. Hicks unanimously elected librarian. Following the election Professor Goodhue lectured on "Value and Prices." His talk was very much appreciated. Thereafter several of the men asked questions pertaining to that subject. These were very clearly answered by Professor Goodhue. Mr. Allen, Educational Director, was present, answering many questions regarding the work of the Institute. He seemed very much pleased with the start we had made and spoke encouraging the men to persevere in their study.

At a regular study meeting, February 18th, there were about sixty men present who listened with attention to a lecture by Professor Goodhue on "Production of Wealth." While it might be called a lecture, it was more of a man-to-man talk on the subject, and we feel that all present were greatly benefited. Thus far our meetings have been a success, and the spirit of the men seems to assure the continuance of the good work.

WASHINGTON.

By Frank V. Grayson.

PROF. CHAS. A. DOUGLAS, who has been lecturing to us on negotiable instruments, has not been with us for several lectures owing to the insurance investigations which has taken up all his time, and for this reason attendance is somewhat smaller, which should not be the case, as Mr. Ruffin, who has been subbing for Mr. Douglas, has filled his place very acceptably and he is to be congratulated on the able way in which he has handled the subject.

All our members who attended the Baltimore Chapter banquet returned with words of praise for the manner in which their banquet was handled and all attested to the good time shown them by Baltimore Chapter members. It is true that some of them did not return until late Sunday, but this was owing to their disinclination to tear themselves away from such good-fellowship.

The Tri-City debate is a thing of the past, yet will not be forgotten by us very soon as we went down to worthy defeat at home, but we were victorious at Baltimore and we hereby notify our good friends from Philadelphia that we will in the near future be on their trail for another cup. Philadelphia Chapter was the winner, as they won at home and at Washington. Those of us who were fortunate in hearing these debaters will agree that all of the young men made addresses worthy of the highest commendation. Messrs. Blanton and Smith, of Washington, were well prepared, yet even more so were Messrs. Allen and Detwiler, of Philadelphia, especially when backed by their worthy chairman, Mr. Engle. Messrs. Devereux and Moers, who debated for us at Baltimore, are due worthy congratulations for the masterful way in which they handled the subject to enable them to win. Of course we are sorry that we could not win at both places, yet we yield to Philadelphia with the best of grace and good-fellowship and we voice the sentiment of our chapter when we say, let there be more of this good work.

Washington Chapter banquet at the Raleigh Hotel Saturday March 29th. Chairman Howard has all of his sub-chairman hard at work securing speakers, music, etc., for this occasion and he assures us that it will be the best ever. At first it was decided to have the banquet on some other day than Saturday,

but owing to being unable to secure the hotel it was decided to take Saturday. This will handicap a good many of the savings-bank boys, yet all should work hard to get as many as possible to go, thereby assuring a success.

CURRENCY REFORM.

By E. S. Eggars, of Pittsburgh.

I HAVE been very much interested in reading the article of Samuel Ludlow, Jr., in the February JOURNAL-BULLETIN, and while I do not agree entirely with Mr. Ludlow's idea of currency reform, I am in thorough accord with Mr. Ludlow's suggestion that the Institute is the proper body to work this question out, and if I am permitted to make the suggestion, I think the best thing which could be done at the next convention of the Institute would be to thresh this question out thoroughly and adopt some method whereby the Institute could take its proper share in its solution. There is no more important question before the business people and the bankers of this country to-day than currency reform, and in my opinion there is no body better able to find the solution for our present troubles than the American Institute of Banking, nor is there anything which would better educate junior bankers than a thorough discussion of this problem.

BANK OF CHINA.

THE bill authorizing the creation of the Bank of China has been handed to the Advisory Council at Peking for discussion. The bank is to be a limited liability concern, with a total capital of \$60,000,000 (or about \$30,000,000 gold) divided into shares of \$100 each (\$50 gold), of which 300,000 shares will be advanced by the Chinese Government, the other moiety to be subscribed by the general public.

The chief points in the rules governing the subscription are that shares shall bear the names of the subscribers; no one except the Chinese may have the right to buy, sell, or otherwise transfer them. The business of the bank shall run thirty years, any prolongation to be decided by a shareholders' meeting. Apart from the seven kinds of business of a proper banking nature, no mortgage on real property or stocks and shares for loans shall be accepted, nor the shares of the bank bought, nor real property accepted, negotiated, or bought; neither shall the bank directly or indirectly deal in any kind of commerce or industry whatever. A chief manager and an assistant chief manager shall hold office for a term of five years, nine directors for a term of four years, and five supervisors for a term of three years. All of them shall be nominated by shareholders at a meeting and holders of 50 or more shares shall be eligible for any of the above posts.

PRACTICAL ECONOMICS.

By Prof. Arthur J. Boynton, of the University of Kansas.

WHILE in Kansas City recently I called upon my friend, C. W. Allendorfer, of the First National Bank, whom I had known while directing the work of the Institute in that city a year or so ago. Mr. Allendorfer showed me the outline and study you had sent out for use this year, and I was very much interested in it. I wonder if you would be so kind as to send me a copy of your studies for this year? If any charge is made will you please state it, and I will be glad to remit to you. Since my very pleasant experience with the Institute in Kansas City my interest in its work has not diminished, but, on the contrary, increased. I believe your work is a most important one, and an application of economic principles in a most practical manner.

